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Choosing a Credit Card? These 25 Tips May Save You Money

American Institute of Certified Public Accountants (AICPA)

United States. Office of Consumer Affairs

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GLOSSARY OF CREDIT CARD TERMS

Billing Error – Any mistake in your monthly statement.

Credit Card – Any card, plate or coupon book used to borrow money or buy goods or services on credit.

Credit History – The record of how you have borrowed and repaid debts.

Debit Card – A plastic card, similar in appearance to a credit card, that can be used to make purchases, gain access to automatic teller machines and make other types of electronic transfers.

Grace Period – The time between the purchase of a product or service, and the imposition of a finance charge.

Finance Charge – The total dollar amount credit will cost.

Transaction Fee – A fee charged to the card holder each time the card is used.

For further information on credit cards contact your local consumer affairs office or:

Federal Reserve Board

Division of Consumer and Community Affairs
Washington, D.C. 20551
(202) 452-3946

Federal Trade Commission

Bureau of Consumer Protection
Division of Credit Practices
Washington, D.C. 20580
(202) 724-1139

AICPA



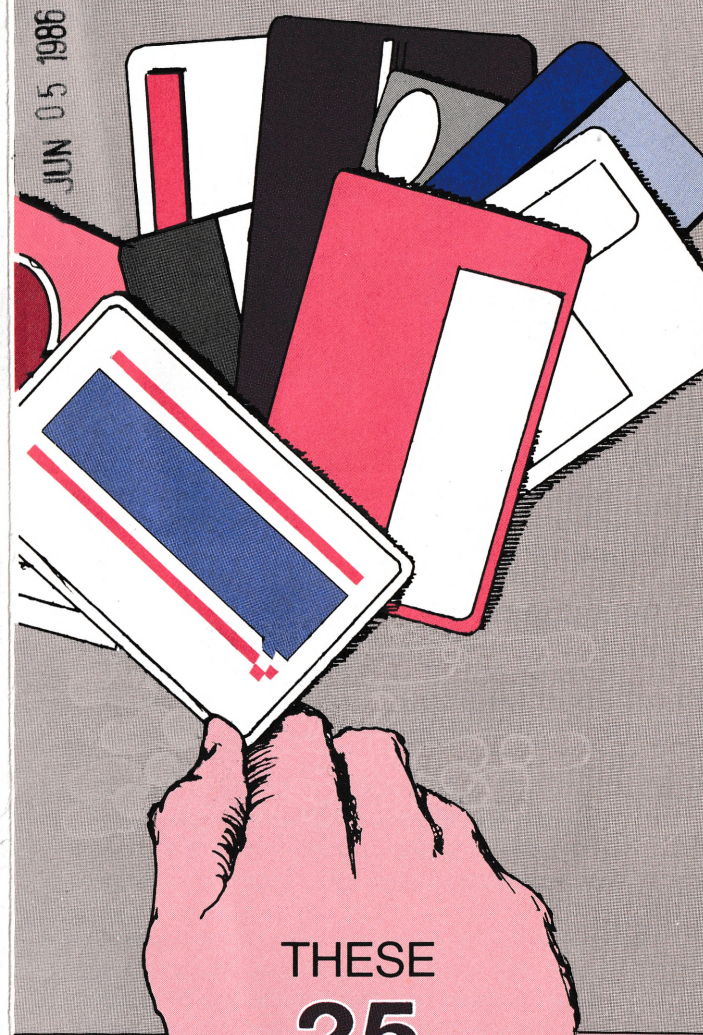
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CHOOSING A CREDIT CARD?



THESE
25
TIPS MAY
SAVE YOU
MONEY

CHOOSING A CREDIT CARD?



1. Department stores and gasoline companies are good places to obtain your first credit card. Pay your bills in full and on time, and you will begin to establish a good credit history.
2. Bank cards are offered through banks and savings and loan associations. Fees and finance charges vary considerably (from 12.5% to 21.6%), so shop around. The average finance charge on bank cards for 1985 was 18.5%.
3. If you usually pay your bill in full, try to deal with a financial institution with an interest-free grace period, which is the time after a purchase is made and before a finance charge is imposed, typically 25 to 30 days.
4. If you're used to paying monthly installments, look for a card with a low monthly finance charge. Be sure you understand how that finance charge is calculated. For a list of banks offering low finance charges send \$1.00, check or money order to BankCard Holders of America, 333 Pennsylvania Avenue, S.E., Washington, D.C., 20003. Request "Low Interest Rate List," "A "No Annual Fee List," a list of banks offering cards with no annual fee, is also available for \$1.95.

5. Consider the option of obtaining a card from an out-of-state financial institution if it offers better terms than those locally.
6. Be aware of some credit cards that offer "no fee" cards or low interest, but start charging interest from the day an item is purchased.
7. Be aware of some credit cards that do not charge annual fees, but instead charge a "transaction fee" each time the card is used.
8. If you're only paying the minimum amount on your monthly payments, you need to plan your budget more carefully. The longer it takes for you to pay off a bill, the more interest you pay. You could end up paying more in finance charges than the item is worth.
9. With a grace period of 25 days, you are actually getting a free loan when you pay bills in full each month.
10. Follow the card issuer's instructions as to where, how and when to make bill payments in order to avoid delays that may result in finance charges.
11. If you have a bad credit history and have problems getting a credit card, look for a savings institution that will give you a card if you open a savings account with them. Your line of credit will be determined by the amount you have on deposit.
12. Travel and entertainment cards often charge higher annual fees than most credit cards. Payment usually must be made in full within 30 days of receiving your bill or, typically, no further purchases will be approved on the account.
13. Often, credit cards on your account for a spouse or child (over 18) are available with a minimum additional fee, or no fee at all.
14. Be aware that "debit" cards are not credit cards, but simply a substitute for a check or cash. The amount of the sale is immediately subtracted from your checking account.
15. Keep an eye on your card when you give it to sales people. Make certain they use it for your transaction only, and then be sure the card you receive back is yours.

16. Tear up the carbons after you sign credit card receipts. This will make it more difficult for anyone to steal your account number to use for fraudulent purposes.
17. Do not give your credit card numbers over the phone to anyone unless *you* initiate the call. Ask any caller to put their request to you in writing.
18. Keep your receipts after you make any charges. Compare them to your monthly statement. Carefully read your monthly bill.
19. If you find any incorrect charges on your monthly credit card statements, notify your credit card issuer in writing.
20. You may refuse to pay for unsatisfactory goods or services obtained on a department store credit card, but you must attempt to solve the problem directly with the merchant first.
21. You may refuse to pay for defective goods or services obtained with a bank card or a travel and entertainment card, but only when the amount of the purchase is over \$50 and the purchase was made in your home state or within 100 miles of your home.
22. Keep a list of your credit card numbers and issuers' phone numbers in a safe place for quick reference in case of loss or theft.
23. Report your lost or stolen cards at once. Most card issuers have toll-free telephone numbers for this purpose.
24. Federal law limits your liability for unauthorized charges to \$50 per credit card. But you don't have to pay for *any* charges made after notifying card companies of your loss. After calling, follow up with a telegram or registered letter.
25. It is illegal for anyone to send you an unsolicited credit card in the mail. If you do get one, and don't want to use it, feel free to destroy it.

GLOSSARY OF CREDIT CARD TERMS
(see back panel)