

This report is specifically written for USA residents.  
Although Canadian residents can benefit just as much.

# The Confidential Credit Card Report The Authorities Are Hiding From You!

## VOLUME 1



## Introduction to Credit Cards:

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### **Credit cards are a great financial tool, offering many benefits:**

- They can be safer and more convenient to use and carry than cash
- Credit cards offer the ability to buy goods and services now and pay for them later
- They have valuable consumer protections under the law
- Major credit cards are accepted by merchants around the world
- They may provide a source of cash or payment in an emergency
- Credit cards can guarantee hotel or travel reservations
- If you are not happy with a purchase you made using a credit card, you may have the right to withhold payment until the problem is resolved

At the same time, having a credit card is a big responsibility. If you do not use it carefully, you may owe more than you can repay, damage your credit report, and create credit problems for yourself that can be difficult to fix.

To qualify for a credit card you must be at least 18 years old and have a regular source of income. Despite invitations from credit card issuers, you will still have to demonstrate that you are a good risk before they grant you credit. The proof is in your credit report.

Before you submit a credit card application, you may want to obtain a copy of your [credit report](#) to make sure it is accurate. If you are new to this country and you do not have a credit history, start by reading our article: [How to Establish Credit](#).

The information in this section will help you make informed decisions about credit cards, including how to compare credit cards, terms to focus on in credit card offers, and steps for identity theft protection.

## How to Establish Credit:

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A positive credit history is an asset, not only when you apply for a credit card, but also when you apply for a job or insurance, or when you want to finance a car or a home. Here are three major ways to start establishing a credit record for yourself:

- Consider applying for a credit card issued by a local store and use it responsibly. Ask if they report to a credit bureau. If they do, and if you pay your bills on time, you'll establish a good credit history.
- Consider a secured credit card. To obtain a secured credit card, you open and maintain a bank account or other asset account at a financial institution as security for your line of credit. Your credit line will be a percentage of your deposit, typically from 50 to 100 percent. Application and processing fees are not uncommon for secured credit cards. In addition, secured credit cards usually carry higher interest rates than traditional non-secured cards.
- Consider asking someone with an established credit history - perhaps a relative - to co-sign the credit card account if you do not qualify for credit on your own. The co-signer promises (guarantees) to pay your debts if you do not. You will want to repay any debt promptly so you can build a positive credit history and apply for a credit card in the future on your own.

If you are turned down for a credit card, ask why. It may be that you have not been at your current address or job long enough, or your income may not meet the issuer's criteria. Different credit card companies have different standards. However, if several companies turn you down, it may indicate that you are not ready for a credit card.



## Compare Credit Cards:

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**SIDE NOTE:**

For instant credit card comparisons and reviews, go now to: <http://www.Direct-Credit-Card.com>

We highly recommend that resource. And also check out the articles in the “Resource” section. You’ll find tons of money saving, credit management and credit card related “MUST KNOW” information!

Credit card issuers offer a wide variety of terms. When you see credit card offers, consider and compare credit cards terms, including the following, before you select a credit card:

### **Annual Percentage Rate (APR)**

The cost of credit as a yearly interest rate. *Low interest credit cards* are a good choice for those who plan to maintain a balance on their account (not pay the full amount each month).

### **Free or Grace Period**

Allows you to avoid any finance (interest) charge by paying your credit card balance in full before the due date. If there is no free period, you will pay a finance charge from the date of the transaction, even if you pay your entire balance when you receive your credit card bill.

### **Fees and Charges**

Many credit card issuers charge an annual fee for granting credit to you (\$15 to \$55 for most cards, and from \$75 on up for premium gold and platinum cards); many also charge a fee for a cash advance or if you fail to make a payment on time or if you go over your credit limit. Some charge a flat monthly fee whether or not you use the credit card.

If you pay credit card bills in full each month, the size of the annual fee or other fees will be more important. If you carry a balance, the APR and the method of computing your balance are key terms to consider as you compare credit cards.

- Obtain all credit card terms and fees in writing, including whether a deposit is required.



## Precautions for Credit Card Offers and Credit Card Use:

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Credit cards can provide tremendous benefits. Unfortunately, many people make mistakes when comparing credit card offers and using credit cards, and then pay the consequences later with extra costs, excessive debt, and frustrations that could have been avoided. Here are some errors many consumers make and tips to avoid them.

- If you get a credit card offer with no annual fee, be sure to consider whether the interest rate (APR) is higher than what you are currently paying. You could end up paying far more in interest charges than on annual fees.
- If you are attracted to credit card offers with free airplane tickets, bonus points toward trips or cars, cash rebates, the logo of a favourite organization or sports team on a card, or other "rewards," keep in mind that you could end up paying more in fees or interest than the value of the "freebies."

This does not include cases in which people buy items they might not otherwise buy- just to rack up more points or miles on their credit card.

- If you expect to pay your credit card bill in full each month, your best bet is a credit card with no annual fee and the kinds of rebates or rewards you expect to use the most.

If you do not expect to pay your credit card balance most months, focus on *low interest credit cards* (with a low APR) and the right mix of rebates or rewards to justify any fees.

- Keep in mind that credit card offers may include a promotional interest rate that increases after six months or so. Also, there may be a low introductory rate that only applies to balances you transfer to your card from other loans or credit cards you have, and not to any new purchases you put on the credit card. Be aware that an interest rate advertised as "fixed" still can be changed with advance notice to credit card holders. If your credit card company does raise your interest rate (APR) for any reason, that new rate usually will apply to any outstanding balance plus new purchases.
- If you routinely carry a balance on your credit card, pay closer attention to how your interest is calculated.

The most common methods for consumers is the "average daily balance" approach, where you would have a 15- to 30-day "grace period" to pay before incurring charges on the daily average for that period.

However, a few credit cards have much costlier calculation methods, including the "two-cycle" system. Under that method, if you pay in full one month but only pay part of the bill the next month, you'll be charged interest for both



months instead of just one.

- A "pre-approved" credit card offer does not mean that you are guaranteed a credit card. It means a "pre-screening" indicates you may meet the income, employment, and other criteria that the credit card company might want in a customer.

You still must apply for the credit card and await the results of a credit check. You are also not guaranteed the credit limit stated in your credit card offer.

- Before you sign up for a credit card, carefully review the solicitation and the credit card application. By law, key terms must be disclosed; they are usually described in a separate box somewhere on the application form.

If after reviewing these documents you do not understand something, call the credit card issuer and ask for an explanation.

- It is a big mistake to assume that interest rates, credit limits, grace periods and other credit card features are pretty much the same no matter which credit card you choose.
- You can shop for good deals nationwide, for free. Twice a year, the Federal Reserve Board collects and publishes [the interest rates and other terms being offered by many credit card issuers](#).

The Fed makes this information and general shopping tips available on their web site section, "[Shop: The Card You Pick Can Save You Money.](#)" It's also available by mail (Federal Reserve Board, Publication Services, Washington, DC 20551).

Major consumer and financial publications regularly list credit cards and toll-free phone numbers as well.

- You should have only a few credit cards. It is good to have more than one credit card, especially if your credit limit is not high enough on one credit card to suit your needs.

Experts agree that two or three general-purpose credit cards and a few (if any) credit cards issued by stores or oil companies should be enough for the average family.

Having too many credit cards makes overspending too tempting. They also become part of your credit history.

- Do not get too deep in debt. If you do have a serious debt problem, there may be corrective steps you can take involving your credit cards.

For example, you can reduce your expenses by paying off the balance on your

highest-rate credit card accounts first (those that charge the highest percentage of interest), even if you have higher balances on others.

Also, you can pay for future purchases using a debit card, which deducts funds directly from your bank account.

There also are reliable credit counsellors you can turn to for help at little or no cost. Unfortunately, there also are scams masquerading as "credit repair clinics" and other companies that charge big fees for unfulfilled promises or services you can perform on your own.

- Be careful to pay your credit card bill or you may face interest charges on the outstanding balance plus your new purchases.

Do not pay with a check that will bounce (when there is insufficient funds in your checking account), and do not exceed your credit limit or you can end up paying \$20 to \$30 penalties.

- "Cash advances" (such as using your credit cards to obtain cash at an ATM or teller window, or using one of the blank "convenience checks" that credit card companies send to you) can carry sizable up-front fees (often two percent of the amount advanced and not less than \$2), which may translate into a higher interest rate than when you normally use your credit card for purchases. Plus there is usually no grace period before interest begins accumulating for cash advances.

It may be better to write a check from your bank account, use a debit card, or charge normally rather than paying in cash.

- If you skip a credit card payment, or pay only the minimum required each month, when you really can afford to pay the balance, you will pay more money in interest charges than necessary (it could add up to thousands of dollars and a debt that takes 10 or 20 years longer to pay than necessary).

Also, your credit card company may begin to see you as a higher risk and decide to increase your interest rate (APR).

- Credit card issuers are required to give you notice (typically at least 15 days) before increasing your interest rate, lowering your credit limit, adding fees and penalties, reducing or eliminating your grace period or cutting back on bonus programs.

Be sure to monitor your monthly billings or other mailings from your credit card company, or you could end up paying more than the original credit card offer, without even realizing it.

- Check your monthly credit card statements for over-billings. If there is a problem with your monthly bill, immediately call your credit card company's

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