Take Charge America Helps Consumers Decode Credit Card Terms and Conditions
Nonprofit credit counseling and debt management agency defines commonly misunderstood language

PHOENIX – (Oct. 10, 2017) – Credit card offers arrive all the time, offering a dizzying array of perks and promises. From balance transfers and cash back to low introductory rates and travel rewards, it’s easy to get lost in the perks – and miss the fine print.

“Credit card mailers are designed to entice,” said Michael Sullivan, a personal finance consultant with Take Charge America, a national nonprofit credit counseling and debt management counseling agency. “But buried beneath the promises are terms and conditions that spell out the limits of those enticing offers. If it seems too good to be true, it probably is.”

Sullivan decodes seven common terms and conditions to help consumers better understand credit card offers:

**Annual Percentage Rate:** The APR is the annual interest rate consumers are charged on top of their balance. If your credit card has a 10 percent rate, you’ll pay $10 in interest per $100 you borrow annually. APRs can be fixed or variable, and largely depend on your credit score. The worse your credit, the higher your APR.

**Low Introductory Rate:** The key word here is “introductory.” While some cards’ introductory rates are good for 12 months or more, it’s far more common for a low rate to jump up after a few short months. Make sure you understand how long the promotional rate will last before applying for a card.

**Penalty Rates:** Low interest rates are fickle – they will skyrocket the first time you’re late on a payment or if you fail to pay the minimum amount due. Most cards will also charge a fee in these instances, usually $25 or higher. Read the fine print to ensure you understand the penalties.

**Variable Rates:** If your card carries a variable rate, it’s subject to increase without notice if the prime rate goes up. Even if your card is advertised as fixed rate, the fine print usually states it’s only fixed for 12 months.

**Balance Transfers:** With balance transfer offers, consumers can transfer their debt from high-rate cards to a low or zero-interest cards. On the surface, this makes perfect sense because you’ll save on interest right away. However, you may be charged a transaction fee and have a variable or introductory interest rate, so do the math before signing up.

**Cash Advances:** Just like balance transfers, the cash advance can carry hefty transaction fees and an introductory rate that will soon expire. It’s an enticing offer – especially if you’re low on cash – but it’s probably worse for you in the long run.
**Rewards:** Consumers love buying gas or booking airfare on their credit cards knowing that they are earning rewards. Unfortunately, rewards are usually strictly limited. For example, some cards promise five percent cash back – but only on your first few hundred dollars in purchases. Some rewards programs are better than others, so read up before you start making purchases.

Consumers seeking relief from credit cards, student loans or other debt can visit [takechargeamerica.org](http://takechargeamerica.org) or call 866-528-0588.

**About Take Charge America, Inc.**

Founded in 1987, Take Charge America, Inc. is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, student loan counseling, housing counseling and bankruptcy counseling. It has helped more than 1.6 million consumers nationwide manage their personal finances and debts. To learn more, visit [www.takechargeamerica.org](http://www.takechargeamerica.org) or call (888) 822-9193.

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