

## Credit Card Glossary

### Annual fee

A charge for management of your credit card account.

### Annual percentage rate (APR)

A yearly rate of interest on charges; can be variable or fixed.

### Billing cycle

The time between billing statements, usually 28-31 days.

### Cash advance fee

A charge by the credit card company for using your credit card to obtain cash.

### Credit limit

The maximum amount you can charge on your credit card.

### Grace period

The interest-free period the credit card company allows between the transaction date and the billing date.

### Introductory rate

Usually a lower interest rate offered by credit card companies to attract customers. Soon switches to a higher variable or fixed rate.

### Minimum payment

The smallest amount you can pay to keep your credit card account from going into default.

### Variable interest rate

Percentage rate that moves up or down periodically based on changes in other interest rates.

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## DID YOU KNOW?

- ▶ If you miss a payment on one of your credit cards, your other credit card companies may raise your rate.
- ▶ Having a fixed APR does *not* guarantee that it will always remain the same.
- ▶ Cash advances carry a different APR than regular purchases.
- ▶ A direct-mail offer that says you are “pre-approved” does *not* mean that you *really are*.
- ▶ The interest rate quoted in an offer is the interest rate you will have only if you *qualify* for that rate.

## Resources

### Find the best card for you at

[www.bankrate.com](http://www.bankrate.com) (click on credit cards)

[www.credit-card-applications-center.com](http://www.credit-card-applications-center.com)

### Learn how to manage your money and use credit cards properly at

[www.aba.com](http://www.aba.com) (click on consumer connections, then click on young adults)

[www.youngmoney.com](http://www.youngmoney.com)  
(click on credit & debt)

[www.cccr.psu.edu](http://www.cccr.psu.edu) (click on Game Show)

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# High School Students and Credit Cards

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# When you get that first credit card, keep the following tips in mind

## DO

- ▶ Sign the back of your credit card as soon as you receive it in the mail.
- ▶ Keep all receipts and check the transactions on each monthly statement.
- ▶ Pay more than your minimum payment each month.
- ▶ Shred any papers that carry your personal information and credit card number before you throw them away.
- ▶ Review your credit report carefully to make sure it's accurate.
- ▶ Create a monthly budget so you will know what you can and cannot afford.

## DO NOT

- ▶ Give out personal information over the phone to an unsolicited caller. Personal information includes your Social Security number, address, bank account numbers, credit card numbers, telephone numbers, or date of birth.
- ▶ Write your personal identification number (PIN) on your credit card.
- ▶ Charge more than you can afford each month.
- ▶ Lend your credit card to others.
- ▶ Apply for a credit card just to get the free give-aways.
- ▶ Exceed your credit limit or “max out” your credit cards.
- ▶ Obtain cash advances using your credit card.
- ▶ Have more than two major credit cards.

## HOW TO OUTLINE A BUDGET

**Monthly Income** (part-time job)    **\$300**

### Monthly Expenses

Car insurance  
(parents' policy)                    \$50

Food / Entertainment                \$100

Gas                                        \$50

Cell phone                                \$40

Shopping                                 \$50

**Total Expenses**                        **\$290**

**Savings**                                    **\$10**

**Income of \$300 minus expenses of \$290 leaves \$10 for savings.**