



New York State Comptroller Thomas P. DiNapoli

Tips for Using Credit Cards Responsibly

- 1) Understand your credit card terms.** The best way to avoid many of the fees charged by your credit card is to understand your terms. The New York State Banking Department publishes a quarterly credit card survey where you can compare rates and terms. View the survey at www.cardratings.com/Survey_2008_April.pdf.
- 2) Don't be a "revolver."** Revolvers carry credit card balances month-to-month, generating finance charges. If you pay off your card each month, you effectively get a free zero-interest loan during your payment grace period.
- 3) Pay more than the minimum.** It's not always possible to pay off your balance each month, but paying even \$20 over the minimum could save thousands of dollars in interest in the long run.
- 4) Say "no" to cash advances.** Credit card cash advances not only have higher interest rates than purchases, but also require you to pay a cash advance fee. These higher rates and fees translate into annual interest rates well above 144% — so just say "no."
- 5) Pay on time.** Late fees can cost you as much as \$39 per incident. To avoid late fees, get in the habit of making at least the minimum payment as soon as the bill arrives. You can always send a larger payment later.
- 6) Stay within your credit limits.** If you exceed your credit limit, over-the-limit fees can be assessed every month until your balance is brought under the limit. The average over-the-limit fee is \$29, so it's easy to see how quickly these fees can significantly increase the balance you owe.
- 7) Monitor your interest rate (APR).** Many credit card terms include a provision that allows card issuers to raise your interest rate based on how you handle your other credit accounts. Under "universal default," the APR on your credit card can increase if you pay late or fail to pay a completely unrelated bill such as a utility or car payment.



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