



UNDERSTANDING YOUR CREDIT CARD STATEMENT



Consolidated Credit
5701 West Sunrise Boulevard
Fort Lauderdale, FL 33313
1-800-210-3481
www.ConsolidatedCredit.org

Congratulations on taking this important step to understanding your credit card statements. Consolidated Credit has been helping Americans across the country solve their credit and debt problems for over 20 years.

*Our Educational Team has created over twenty publications to help you improve your personal finances. By logging on to **www.ConsolidatedCredit.org** you can access all of our publications free of charge. We have the tools to help you become debt free, use your money wisely, plan for the future, and build wealth. The topics Consolidated Credit addresses range from identity theft and building a better credit rating to how to buy a home and pay for college. On our website you will also find interactive credit courses, a “Best of the Web” debt calculator, a personalized budgeting tool, and much more.*

*We are dedicated to personal financial literacy and providing a debt-free life for Americans. If you are overburdened by high interest rate credit card debt, then I invite you to speak with one of our certified counselors free of charge by calling **1-800-210-3481** for free professional advice. We also have partnership programs available where groups, businesses and communities can hold financial workshops and received money management guides and workbooks like the one you are reading now. Please call **1-800-210-3481** if you would like to discuss pursuing a personal financial literacy program.*

Sincerely,



Gary S. Herman
President
Consolidated Credit

Understanding Your Credit Card Statement

Understanding your monthly credit card statement can help determine whether your spending is in line with your budget. By reading and understanding your statement - especially the fine print - you can prevent overspending and become more educated on how your accounts really work. Ultimately, you can manage credit card debt more efficiently and avoid common issues.

Look carefully at your credit card statement and you will discover a lot of information hidden within the pages. But you may wonder, what are the most important areas that you should be familiarizing yourself with? Consolidated Credit has prepared this guide to assist you in recognizing the most crucial elements of your credit card statement and to ensure that you learn the right skills for daily credit card management.

The Front of Your Credit Card Statement

Annual Percentage Rate (APR)

The APR is a measure of how much your debt is costing you. It is expressed as a yearly rate or by the amount of interest you would pay over a twelfth month period. Remember, the APR is a key factor to calculating your monthly finance charges – the higher the APR, the more money will come out of your pocket. On most credit card statements, the APR is presented as both the Annual Rate and either a Daily Periodic Rate or a Monthly Periodic Rate. The better your credit card management is, the lower the APR will typically be.

Minimum Payment Due

The minimum payment is the amount of money you must pay to your creditor each billing cycle to ensure your account remains in good standing. The minimum payment is usually

determined by your total balance and it varies according to a specific formula each creditor uses. Minimum payments usually cover the finance charges and fees for the month plus a small amount of the principle (the actual debt owed).

You must make at least the minimum payment by the due date. If you fail to make the minimum payment you will be putting your financial health in jeopardy. Creditors can charge outrageous late fees and raise your APR even if you are one day late. Also, payments made 30 days or later are recorded on your credit report, which is something that can affect your ability to get new credit. Strong credit reports are dependent on good credit card management.

Be aware though, if all you are really paying is interest and fees, making the minimum payment on your credit card bills just extends the life of your debt. You can compare making minimum payments to walking on a treadmill. You walk and walk, but get no where closer to paying off your debt.

New Balance

The new balance on your credit card is the unpaid amount or what you still owe in total. It is usually determined by:

- Starting with the previous month's balance
- Subtracting any payments or credits
- Adding new charges, miscellaneous fees and finance charges for the current billing cycle



Be sure to look over your statement to make certain that the numbers are correct. This is a crucial part of credit card management. We provide a general example on the next page.

Balance Summary	Amount
Previous Balance	\$747.94
Payments	-500.00
Credits (for returned purchases)	-21.84
Purchase & Other Charges	+ 795.47
Cash Advances	+ 0.00
Late Fee	+ 0.00
Over-limit Fee	+ 0.00
Finance Charge	+ 17.45
New Balance	\$1,039.02

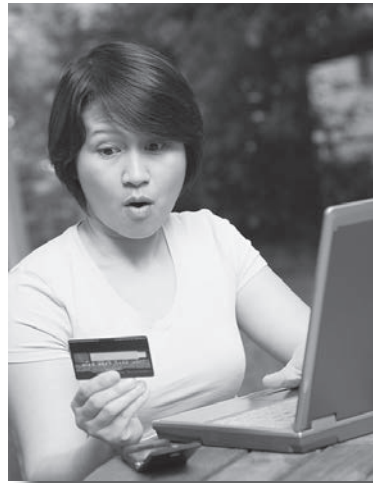
Finance Charges

Finance charges are also known as interest. In a nutshell, this is the dollar amount you pay a lender for borrowing money on that credit card. The finance charge on your

monthly credit card statement is the interest you pay each month on the balance of your account – that is why you should always try to keep the lowest balance possible.

Grace Period

The grace period is the number of days you have before a finance charge is applied to your debt. Remember, study the fine print on your statement, because that is where you will find the grace period on that account.



Keep in mind, on most credit cards the grace period only benefits people who have paid the previous month's balance in full.

That means unless you paid your credit card in full the previous month, you probably cannot take full advantage of the grace period. Those with good credit card management enjoy more benefits from the credit card companies. Also note, there are no grace periods with cash advances, even if the previous balance was paid in full.

Credit Card Fees

Credit card fees differ depending on the type of card that you use. Read the fine print on your monthly statement and the annual disclosure statement. Fees can jump up at the most inappropriate time, so be aware of them.



Here are a number of general fees to be conscious of:

Annual Fee – An annual fee is what you pay to have a credit card. The amount of the annual fee may vary from card to card. Some cards that offer benefits such as frequent flyer miles often have a higher fee. However do yourself a favor and research as many cards as possible. There are cards that have no annual fee and you may be able to find a card that matches your financial needs.

Late Fee – This is a fee you pay the creditor if your monthly payment is received after the due date. Late payment fees can differ, so again, do your research and find a credit card that charges the least amount if you're ever late with a payment. Also, another bad thing about late payments is that they show up on your credit report if you're more than 30 days late.

Over Limit Fee – Also known as over-the-credit-limit fee. Each credit card has a credit line that can be found on your online account information or your credit report. If you go over your credit limit, a penalty will be assessed each time it happens.

Returned Check Fee – If the check you send your creditor bounces, you can be sure that they will add an additional fee for the returned check. Your bank will likely charge your checking account for the mistake too. It is called an overdraft fee.

The Back of Your Statement

The fine print on the back of your credit card statement is also packed with important information. Here are some points you should look for:

Cash Advance Fee – This fee is charged if you use your credit card for a cash advance. This may be a flat fee or a percentage of the amount withdrawn.

The interest that is associated with cash advances is usually higher than the rate you pay on purchases you ordinarily make with your credit card. You will likely pay that higher interest rate until you can pay your credit card bill in full. To ensure good credit card management, try to avoid taking cash advances from your credit cards.

Lost or Stolen Cards – As soon as you realize your credit card has been lost or stolen, report it immediately. A number to call is on the back of your credit card statement. If you contact the credit card company before the thief uses it, you will not be responsible for these charges. If you do not, you will be responsible for the first \$50 of charges.

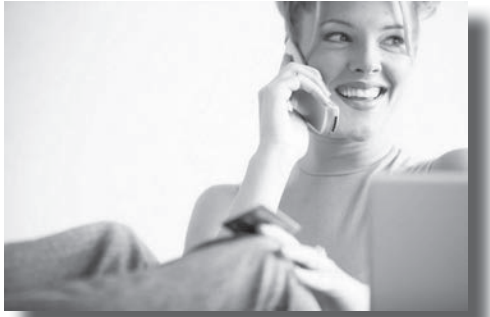
Read your cardholder agreement or the yearly disclosure statement that comes with your credit card to learn more about lost or stolen cards. If you call your creditors about a lost or stolen card, document everything and save it so you will have it for future reference.

The situation changes dramatically if a family member or someone you know uses your card without your permission. You will then have to take legal action against them to have the unauthorized charges eliminated from your account.

Other Fees – Some credit card companies charge a fee if you pay by telephone. They may also charge a fee to cover the costs of reporting to credit bureaus, reviewing your account, or providing other customer services. Read the information in your credit card agreement to see if there are other fees and charges. Choosing credit cards with low fees can be key to your success.

Credit Card Ownership

When you take ownership of a credit card you are taking on a financial risk. Educate yourself so you minimize the risk – learn about the credit card by reading your monthly statements and monitoring for changes carefully. Be diligent. If you start to lose interest in your credit card statement and do not practice proper credit card management, it could be very damaging to your personal financial situation.



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About Consolidated Credit

Consolidated Credit is a consumer oriented, public education organization. We are an industry leader in providing credit counseling and debt management services throughout the United States.

Our mission is to assist individuals and families end financial crises and help them solve money management problems through education, motivation, and professional counseling.

We are dedicated to empowering consumers through educational programs that will influence them to refrain from overspending and abusing credit cards, as well as to encourage them to save and invest. We sponsor local free seminars that are also available to any group or organization that requests our educational services.

Our professionally trained counselors have assisted thousands of families across the United States. Regardless of whether your financial problems are due to the purchase of a new home, birth of a child, major illness, or any other circumstance, we can help.

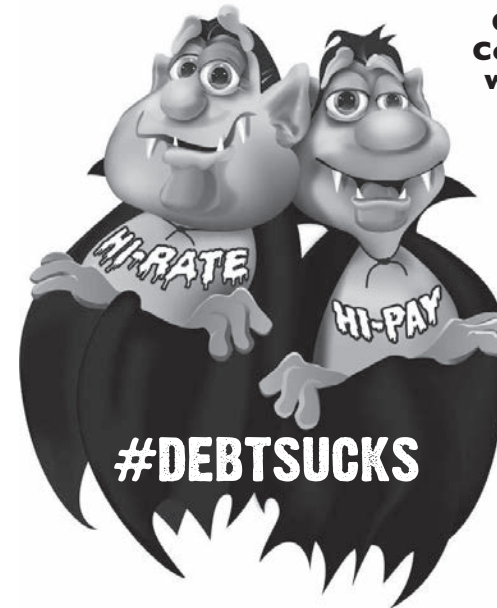
Our organization is funded primarily through voluntary contributions from participating creditors. Our programs are designed to save our clients money and liquidate debts at an excellent rate.

Consolidated Credit is a member of the Better Business Bureau, the National Association of Credit Union, United Way of Broward County and Financial Counseling Association of America.

Now you can find FREEDOM FROM DEBT!

Consolidated Credit, a nationally recognized organization, will provide you with professional financial education, counseling and resources.

In addition, you can benefit from customized Debt Management Programs, which incorporate a bill consolidation plan to help you regain your financial freedom.



Our professionally trained Certified Public Accountants will negotiate directly with your creditors to:

- Reduce or even eliminate interest rates!
- Eliminate late charges and over-limit fees.
- Consolidate debts into one lower payment.
- Help you pay off debt faster.
- Rebuild your credit rating.
- Save you thousands of dollars.
- Get you on a plan to be debt free!

Call today, and take your first step toward financial freedom!

1-800-210-3481

or visit www.ConsolidatedCredit.org



5701 West Sunrise Blvd., Fort Lauderdale, Florida 33313

You can be **debt free**



There is help waiting for you now.

- Reduce or eliminate interest charges.
- Consolidate credit card bills into one lower monthly payment.
- Pay off your debt in half the time.
 - Save thousands of dollars.



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