

Understanding Your Credit Card Statement



1-800-210-3481

www.ConsolidatedCredit.org

Letter from the President

Congratulations on taking this important step to a brighter financial future. Consolidated Credit has been helping Americans across the country solve their credit and debt problems **for over 30 years**.

Our Educational Team has created over forty publications to help you improve your personal finances; and many available in Spanish. 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 web site you will also find interactive courses, calculators, video education, 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 receive 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,

A handwritten signature in black ink that reads "Gary S. Herman". The signature is fluid and cursive, with the first name "Gary" being more prominent.

Gary S. Herman
President
Consolidated Credit



How to read a credit card statement

In today's world of mobile banking apps, automatic payments, and paperless billing, it's easy to let your monthly credit card statement go unread. A quick glance at your balance might seem enough, but that statement contains far more than just the amount you owe. It's a detailed record of your account activity, your borrowing costs, and any changes that could affect your finances.

Reading your statement every month is one of the simplest ways to stay in control of your credit. Without that habit, important details can slip past you — and that can lead to costly consequences. You might miss a payment deadline and get hit with late fees or penalty interest rates. You could overlook a billing error or unauthorized charge that signals fraud. Or you might not realize how much interest you're paying, making it harder to pay down your debt.

The good news is that credit card statements are designed to be standardized and straightforward, no matter which card issuer you use. Once you know where to look and what each section means, you can spot issues quickly and make better decisions about managing

your balance.

This booklet walks you step-by-step through a typical credit card statement, explaining the key sections and how to use the information to your advantage. By the end, you'll be able to read your statement with confidence, avoid hidden costs, and take actions that help you pay off debt faster and protect your credit.

Statement overview

- what you'll typically see

While every credit card issuer has its own design, most statements follow a similar format. The information is laid out in sections that give you a complete picture of your account details, from your current balance and payment details to a breakdown of every transaction. Understanding these sections will make it easier to spot errors, monitor spending, and plan your payments.



A typical credit card statement will include:

- **Account summary:** A snapshot of your balance, available credit, and recent account activity. This section often lists your previous balance, new purchases, payments made, interest and fees charged, and your credit limit.

- **Payment information:** The amount you currently owe, the minimum payment required, and the due date. You'll also see warnings about the cost of making only the minimum payment and what happens if you pay late.
- **Rewards summary (if applicable):** For cards with cash back, points, or miles, you'll find your current reward balance and details on what you earned during the billing cycle.
- **Account messages or notices:** Alerts about upcoming changes to your account terms, fee schedules, or rewards program.
- **Transaction details:** A list of all purchases, payments, credits, balance transfers, and cash advances during the statement period.
- **Fees and interest charges:** Totals for any fees and interest you've paid during the billing cycle, often broken down by category.
- **Interest rate details:** A table showing the annual percentage rates (APRs) applied to different balance types — such as purchases, cash advances, and balance transfers — along with the balances subject to those rates.
- **Year-to-date totals:** A running tally of all the interest and fees you've paid since January.



- **Additional account information:** Fine-print sections covering how interest is calculated, your grace period, payment allocation rules, and your rights in case of disputes or billing errors.

Some issuers also include a payment slip at the bottom of the first page for those who pay by mail, or instructions for updating your address or managing your account online.

Once you know what each section represents, your statement becomes more than a bill — it's a financial tool you can use to track progress, reduce costs, and protect your credit health.

Account summary section



Near the top of your statement, you'll usually find the account summary — a snapshot of your current credit card status. This section pulls together the key numbers you need to understand your balance, payment obligations, and how much of your credit line you're using.

Here's what you'll typically see:

- **Statement balance:** The total amount you owed at the end of the billing cycle. This includes purchases, fees, interest, and any unpaid balance from the previous month. If you pay this amount

in full by the due date, you can usually avoid interest on new purchases.

- **Minimum payment:** The smallest amount you must pay by the due date to keep your account in good standing. Paying only the minimum will help you avoid late fees but will also extend the time it takes to pay off your balance and increase the amount of interest you pay.
- **Credit limit:** The maximum amount you're allowed to borrow on your card. Going over this limit can result in fees and, in some cases, a declined transaction.
- **Available credit:** How much you can still spend without exceeding your credit limit. This number changes as you make purchases or payments.

Why this section matters:



Reviewing these numbers each month can help you spot potential problems before they grow. A high statement balance or low available credit may signal overspending. If your balance is more than 30% of your credit limit — known as your credit utilization ratio — your credit score could be negatively affected.

Pay close attention to your payment due date, which is often listed in this section or near it. Missing it by even a day can lead to late fees, penalty interest rates, and a negative mark on your credit report.

By making a habit of checking your account summary first, you'll have a clear picture of where your account stands and what actions you need to take before the due date.

Payment information section

Every credit card statement includes a payment information section, usually right at the top of the first page. This is where you'll find the essential details about what you owe and when you need to pay it.

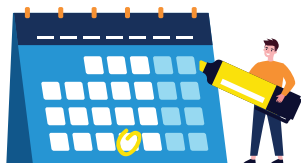
Minimum payment due vs. full balance



Your statement will show both the minimum payment due and the full balance (sometimes called the statement balance). The minimum payment is the smallest amount you can pay to avoid a late fee and keep your account current. However, paying only the minimum means the rest of your balance carries over to the next month, with interest added. Over time, this can cost you significantly more and keep you in debt longer.

If you can afford it, paying the full balance by the due date is the best option. This will help you avoid interest charges on new purchases, as long as you started the billing cycle with a zero balance.

Payment due date



Your due date is the last day to make your payment on time — and it's critical to mark it on your calendar. Missing this date by even one day can result in:

- **Late fees** that increase your balance

- **A penalty APR**, which is a higher interest rate applied to your account for future purchases
- **A negative mark on your credit report** if your payment is more than 30 days late

Impact of carrying a balance



When you don't pay your full balance, you're carrying a balance into the next month. That balance will accrue interest daily, meaning the longer it takes to pay it off, the more you'll owe. Carrying a high balance can also increase your credit utilization ratio, which may lower your credit score.

Many statements also include a minimum payment warning that estimates how long it would take to pay off your balance — and how much it would cost — if you only make the minimum payment. Reviewing this warning each month is a good reminder of why paying more than the minimum can save you money and help you get out of debt faster.

Transactions section

Your statement's transactions section lists every activity on your account during the billing cycle — purchases, payments, credits, balance transfers, and cash advances. Reviewing this section carefully is one of the best ways to protect yourself from errors and fraud.

Start by checking that all payments you've made have been applied correctly and for the right amount. Then, go through each purchase line by line. If you see a charge you don't recognize, look up the merchant name online — sometimes the company name on your statement is different from the store name you know. If it's still unfamiliar or incorrect, contact your card issuer immediately to dispute it.

This section will also show any fees or interest charges added to your account. Even small, repeated fees can add up over time, so it's worth noting why they were applied and how you can avoid them in the future.

Tip: Set aside time once a month — ideally as soon as your statement becomes available — to review your transactions. Doing it regularly will make it easier to remember purchases and spot suspicious activity before it escalates.

By keeping a close eye on your transactions, you can ensure accuracy, catch fraud early, and better understand your spending habits.

Fees and interest charges

Your credit card statement includes a section that lists any fees or interest you were charged during the billing cycle. Even if these amounts seem small, they can quickly add up and make it harder to pay down your balance. Understanding how these charges work can help you avoid them in the future.

Types of fees you might see:

- **Late payment fee:** Charged if your payment isn't received by the due date.
- **Over-limit fee:** Applied if you spend beyond your credit limit

(though many issuers now decline transactions instead).

- **Foreign transaction fee:** A percentage of the purchase amount when you use your card outside the U.S. or for purchases in a foreign currency.
- **Cash advance fee:** Charged when you withdraw cash from your credit line, often in addition to a higher cash advance APR.

How interest is calculated

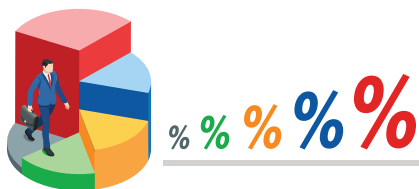
Interest is shown as an annual percentage rate (APR) but is applied daily. Once you carry a balance past the due date, interest begins to accrue on that balance and compounds each day. Your statement will show separate APRs for different types of balances, such as purchases, balance transfers, and cash advances. Some promotional APRs are temporary, so watch for expiration dates in your statement.

Tips to avoid these charges:

- **Pay at least the minimum by the due date** to avoid late fees (but aim to pay in full to avoid interest).
- **Keep your balance well below your credit limit** to prevent over-limit issues and reduce your credit utilization ratio.
- **Use a no-foreign-transaction-fee card** when traveling abroad or shopping internationally.
- **Avoid cash advances** unless absolutely necessary — they often have the highest costs.

By knowing what triggers fees and interest, you can take simple steps to keep more of your money and reduce the total cost of using your credit card.

Understanding APR and interest calculations



Your annual percentage rate (APR) is the yearly cost of borrowing on your credit card, expressed as a percentage. Most cards have multiple APRs for different types of balances, such as purchases, cash advances, and balance transfers.

Fixed vs. variable APR

- A **fixed APR** stays the same over time, though your issuer can change it with proper notice. Fixed-rate cards are less common today.
- A **variable APR** can change based on a benchmark interest rate, such as the prime rate. If that rate rises, your credit card APR — and the cost of carrying a balance — can increase.

How daily interest adds up

Credit card interest is calculated daily, based on your average daily balance. This means that even a few days of carrying a balance can add to your total interest costs. Interest on new purchases is typically avoidable if you pay your full balance by the due date each month, but cash advances and some balance transfers start accruing interest immediately.

Tip: Paying your balance in full every month is the most effective way to avoid interest charges altogether. If that's not possible, paying more than the minimum can help reduce your daily balance and lower the interest you'll pay over time.

Rewards, points, and special offers



If your credit card offers rewards — such as cash back, points, or travel miles — you'll usually find a rewards summary in your statement. This section might include your current rewards balance, what you earned during the billing cycle, and how to redeem them.

Where to find rewards info

The rewards section is often located on the first page of your statement, but some issuers place it in a separate area toward the end. It may also include details about promotional offers or bonus earning categories for the upcoming quarter.

Know the rules

Rewards often come with expiration dates or conditions. For example, points or miles may expire if your account is inactive for a certain period, or cash-back rewards might only be issued once you reach a minimum threshold. Your statement or the card's terms and conditions will outline these rules.

Don't overspend for points

It's tempting to make extra purchases just to earn rewards, but the interest from carrying a balance can quickly outweigh any benefit.

Use rewards as a bonus for purchases you were already planning to make, not as a reason to increase your spending.

Red flags to watch for



Reviewing your statement each month isn't just about tracking spending — it's also your best defense against costly mistakes and potential fraud. Certain changes or charges should prompt you to take a closer look and act quickly if something doesn't seem right.

Unexpected interest charges or fees

If you see interest charges even though you believe you paid your balance in full, check the dates and amounts of your payments. You may have paid after the due date, or interest could be from a cash advance or balance transfer that starts accruing immediately. Unexplained fees should be reviewed against your card's terms, and if you can't identify the reason, contact your issuer.

Signs of fraud or identity theft

Look for transactions you don't recognize — even small ones. Fraudsters sometimes start with minor charges to test if a card is active before making larger purchases. Also check for duplicate transactions or charges from unfamiliar locations. Report anything suspicious to your credit card company right away.

Credit limit changes or sudden APR increases

If your available credit drops unexpectedly or your interest rate increases without warning, investigate immediately. While some

changes can be tied to broader interest rate shifts or your account activity, others may be errors or the result of missed payments you didn't realize were late. Card issuers must provide advance notice of most rate increases, so review any account messages or mailed notices carefully.

By spotting and addressing these red flags early, you can prevent small issues from turning into costly, long-term problems.

Tools and tips to stay on track



Staying on top of your credit card payments is easier when you have the right tools and habits in place. A little planning each month can help you avoid late fees, reduce interest, and keep your credit healthy.

Budget for your payments

Include your credit card payment in your monthly budget just like rent, utilities, or groceries. Knowing exactly how much you need to set aside — whether you're paying the full balance or more than the minimum — can help prevent missed payments and keep your debt from growing.

Set up alerts and autopay

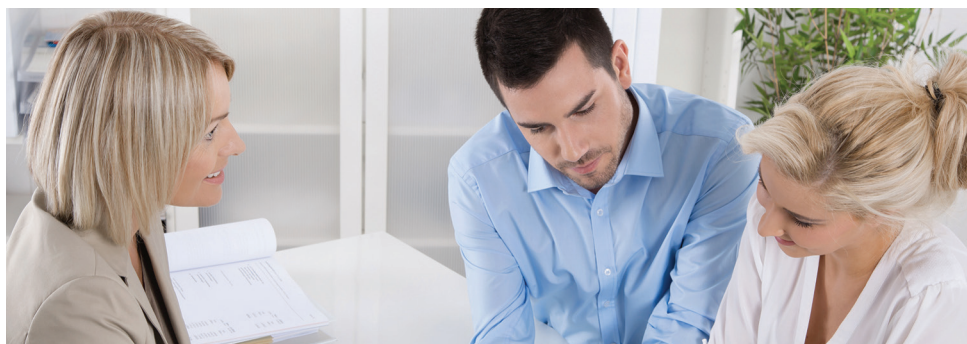
Most credit card issuers allow you to set up email or text alerts for upcoming due dates, low available credit, or unusual account activity. You can also enroll in autopay to ensure your payment is made on time each month. Just make sure your bank account has enough funds to cover the payment to avoid overdraft fees.

Use Consolidated Credit's resources for support

Consolidated Credit offers free financial education tools to help you manage debt and improve your money skills. You can:

- **Speak with a certified credit counselor** for one-on-one guidance
- **Access budgeting and debt repayment calculators**
- **Review educational articles, webinars, and guides** to better understand credit and debt repayment strategies

By combining these tools with good habits, you can make your payments on time, pay down your balances faster, and build a stronger financial future.



Need help understanding your statement?

If your credit card statement still feels overwhelming, you don't have to figure it out on your own. Understanding how to read and use your statement effectively can make a big difference in managing your debt and protecting your credit.

Consolidated Credit's certified credit counselors are here to answer your questions and help you take control of your finances. Whether you want to review your statement line by line, explore repayment strategies, or learn how to reduce interest charges, we're ready to assist.

You can connect with us in the way that works best for you:

- Call our toll-free number at **1-800-210-3481**
- Visit **ConsolidatedCredit.org** for articles, calculators, and webinars
- Use our online chat to get real-time answers from a counselor

You're not alone — let's make credit work for you!





Financial Knowledge **is Financial Power**

- *Learn how to manage debt, credit, and money with confidence.*
- *Gain tools that support smarter decisions at every life stage.*
- *Protect yourself from scams, setbacks, and costly mistakes.*

Call 1-800-210-3481



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