



**Redwood
Credit Union**

Points to Consider When Selecting a Credit Card

Different credit cards offer different features. It's up to you to compare the cards you're considering and decide which is best for you. Here are some points that might indicate whether a card is right for you. Beware; credit card companies sometimes hype one really great point hoping that you'll miss other less desirable points.

If you are a borrower with little to no credit history, you may need to start off with a joint signer (someone with good credit and with whom you share responsibility for repayment), cosigner (someone with good established credit that is responsible for paying the loan if you don't) or a secured card (wherein you've saved money and let the lender use it as collateral/security for collection if you don't make your payment).

Card 1	Card 2	Card 3	Point to Consider
_____	_____	_____	<p>Purchase Interest Rate (Annual Percentage Rate - APR) This is what you pay the lender for borrowing their money. The lower the rate, the better, typically. Be careful: Some cards offer a low "teaser rate" at first but higher interest may be assessed on the borrowed funds if any balance remains at the end of the intro period. When you're beginning your credit, it's unlikely you'll get a low interest rate: Try to find a decent rate and, after using and handling it responsibly for about a year, ask about how to get a rate reduction.</p>
_____	_____	_____	<p>Annual Fee Many cards (but not all) have an annual fee – a charge for simply having the card. This helps the credit card company make money whether you actually use their card or not.</p>
_____	_____	_____	<p>Non-Use/Zero-Balance Fee Some (not all) may charge a "non-use fee." This helps the credit company make money even when you're not using their card.</p>
_____	_____	_____	<p>Grace Period Most credit cards give a period of time to pay your new charges without having to pay interest on the new balance. This is typically from the end of the billing cycle to the next payment due date.</p>
_____	_____	_____	<p>Late Payment Fee &/or Penalty Rate Change Don't be late paying your monthly bill! If you are, most credit companies charge a late fee and/or increase your interest rate. Ouch!</p>
_____	_____	_____	<p>Points Program (and associated fee) Many cards offer a points and/or cash back program. Points are earned as you use the card and redeem them for travel, cash back, etc. There may be a fee associated with this benefit. Consider whether the fee is worth what you'll be getting in return.</p>
_____	_____	_____	<p>Overlimit Fee If you're allowed to exceed your credit limit, most credit cards will charge a fee.</p>
_____	_____	_____	<p>Cash Advance and Balance Transfer Fees/APRs Most credit cards will allow you to pull cash off of your card or bring over the debt you owe on another card. However, the interest rate charged on these funds is usually higher than the interest rate you pay for purchases.</p>
_____	_____	_____	<p>Foreign Transaction Fee (otherwise known as a currency conversion fee) If you use your card in a foreign country, most credit cards will charge a foreign transaction fee.</p>
_____	_____	_____	<p>Application of Payments How are your monthly payments applied? Some cards will apply payments to lower interest balances first so that higher-interest balances remain, accruing more and more interest debt that you have to pay.</p>