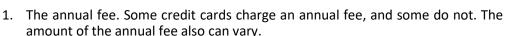
Comparing Credit Cards

Shopping for a credit card can save you money. Not all credit cards are alike. Here are some ways in which they differ.



- 2. Other fees. Credit cards usually have stated fees for late or missed payments, going over your credit limit, or certain transactions such as cash advances.
- 3. The annual percentage rate. The APR can vary from card to card by several percentage points. Furthermore, some credit cards offer a low APR for the first few months and then increase it after three or six months.
- 4. The grace period. This is the amount of time a cardholder has to pay the credit card balance without paying interest. The longer the grace period, the more interest-free days the cardholder has. If the entire balance is paid within the grace period, no interest is due.
- 5. The way interest is figured. There are three methods of calculating credit card interest. These are:
 - Average daily balance: The interest rate is calculated each day on the average of each day's balance for the billing cycle. This is the most frequently used method.
 - Adjusted balance: The interest rate is calculated on the opening balance after subtracting the payments made during the month.
 - Previous balance: Interest is calculated on the opening balance regardless of payments made during the month.
- 6. The credit limit. This is the maximum amount of money a cardholder can charge. A higher credit limit gives the cardholder flexibility but can also lead to credit card balances that are difficult to payoff.

Credit cards also differ in the types of services offered; this can be a reason to choose one card over another. Some of these services are:

- High or no credit limits.
- Rewards for the cardholder such as cash back, free gifts, frequent flyer airline miles, or a discount on a new car.
- The number of merchants who accept the card.
- Travel services such as covering the rental car insurance deductible, discounts on hotels, travel life insurance, or check cashing privileges.

Choose 3 different credit cards online. You can find info on tons of credit cards by typing "credit card deals" into Google or Yahoo. Then select 3 cards and fill in the information below. Which would you choose?

| | Card 1 | Card 2 | Card 3 |
|------------------|--------|--------|--------|
| Name of Company | | | |
| Annual Fee | | | |
| Introductory APR | | | |
| APR | | | |
| Rewards | | | |

