



# Consumer Affairs Tabloid



## Keeping you in the "KNOW"

287- CITY

Army Community Service Financial Readiness Branch

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### Excerpt from the Federal Reserve Board



#### Credit Cards – Consumer’s Guide

The Federal Reserve Board on Friday launched a new interactive website to help consumers better understand the new credit card protections that will take effect on February 22. These rules ban several harmful practices and require greater transparency in the disclosure of the terms and conditions of credit card accounts.

The site, which can be found at [www.federalreserve.gov/creditcard](http://www.federalreserve.gov/creditcard), summarizes the main provisions of the rules and explains how they will affect credit card users. Two interactive features will allow consumers to learn more about the terms and fees of credit card offers and about the new features of their monthly statements.

"These online tools and resources will help consumers make well-informed decisions about their use of credit," said Federal Reserve Board Governor Elizabeth A. Duke. "We will update the site regularly to provide the most useful and current information."

Your monthly credit card bill will include information on how long it will take you to pay off your balance if you only make minimum payments. It will also tell you how much you would need to pay each month in order to pay off your balance in three years. For example, suppose you owe \$3,000 and your interest rate is 14.4%--your bill might look like this:

New balance	\$3,000.00	
Minimum payment due	\$90.00	
Payment due date	4/20/12	
<p><b>Late Payment Warning:</b> If we do not receive your minimum payment by the date listed above, you may have to pay a \$35 late fee and your APRs may be increased up to the Penalty APR of 28.99%.</p> <p><b>Minimum Payment Warning:</b> If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:</p>		
If you make no additional charges using this card and each month you pay . . .	You will pay off the balance shown on this statement in about . . .	And you will end up paying an estimated total of . . .
Only the minimum payment	11 years	\$4,745
\$103	3 years	\$3,712 (Savings = \$1,033)



**Excerpt from the Federal Reserve Board**  
[www.federalreserve.gov/consumerinfo/wyntk\\_creditcardrules.htm](http://www.federalreserve.gov/consumerinfo/wyntk_creditcardrules.htm)



**What your credit card company has to tell you** (this is an abbreviated version – please click on the above link for specifics and exceptions).

- When they plan to increase your rate or other fees. Your credit card company must send you a notice 45 days before they can increase your interest rate.
- The company does not have to send you a 45-day advance notice if you have a variable interest rate tied to an index; your introductory rate expires and reverts to the previously disclosed "go-to" rate; your rate increases because you are in a workout agreement and you haven't made your payments as agreed.
- How long it will take to pay off your balance. (see diagram on the front page of this tabloid)

**New rules regarding rates, fees, and limits**

- No interest rate increases for the first year. There are some exceptions: If your card has a variable interest rate tied to an index; If there is an introductory rate, it must be in place for at least 6 months; after that your rate can revert to the "go-to" rate the company disclosed when you got the card. If you are more than 60 days late in paying your bill or if you are in a workout agreement and you don't make your payments as agreed your rate can go up.
- Increased rates apply only to new charges.
- Restrictions on over-the-limit transactions. You must tell your credit card company that you want it to allow transactions that will take you over your credit limit.
- Caps on high-fee cards. If your credit card company requires you to pay fees (such as an annual fee or application fee), those fees cannot total more than 25% of the initial credit limit.
- Protections for underage consumers. If you are under 21, you will need to show that you are able to make payments, or you will need a cosigner, in order to open a credit card account.

**Changes to billing and payments**

- Standard payment dates and times. Your credit card company must mail or deliver your credit card bill at least 21 days before your payment is due.
- Payments directed to highest interest balances first. If you make more than the minimum payment on your credit card bill, your credit card company must apply the excess amount to the balance with the highest interest rate.
- No two-cycle (double-cycle) billing.



**From the files of Fort Hood Consumer Affairs Office**

The Financial Readiness Branch offers classes on Credit, Savings & Investing, Home Buying, Banking, Budgeting/Debt Management, Insurance and Consumer Awareness/Identity Theft. Call 288-2862 for more information. We also offer one on one credit report reviews.

Have questions? Contact: [melody.squires@us.army.mil](mailto:melody.squires@us.army.mil) 287-CITY (2489)