

Dealing with Credit Cards

1) There are many benefits to having a credit card.

It may offer an extra layer of security when faced with unexpected expenses, and some offer rebates, gas, air miles, and other perks. Most consumers know they should spend wisely, but credit cards often lead to financial hardship and the difficulties that come with a bad credit history. Whether or not you are in the market for a credit card, our tips can help you protect your financial future.

2) Comparison shop for a better deal.

Comparing cards can be difficult, given the many, many fees, introductory offers, varying APRs, and credit limits available to you. NerdWallet has [a useful tool](#) that will compare over 1,000 credit offers, based on your individual circumstance.¹ You can also [print out a checklist](#) to do a side-by-side comparison of credit card offers.

3) When shopping around, beware of secured credit cards.

They may be the only option for those with bad credit, but the arrangement is like lending money to yourself. The opportunity to lend money to yourself comes with an APR and fees for membership, late payments, and/or over-limit charges.²

4) The CARD Act of 2009 prohibits companies from charging more than 25% of the credit limit during the first year.

For example: if your credit limit is \$300, the company may not charge more than \$75 in fees. You may also be able to negotiate the reduction or forgiveness of exorbitant fees, e.g. a \$25 late payment fee on a \$20 balance, by calling customer service and asking to speak with a supervisor.

5) Watch for changes to your existing accounts.

The CARD Act of 2009 also requires credit companies to send notice of changes to accounts 45 days in advance. If you don't like the changes, call customer service to find out about your options.

6) Avoid fraud.

You may read more on the identity theft tip sheet, but there are a few basic ways to protect yourself from identity thieves. Keep your credit card in sight when you use it, and try avoid situations in which the seller might walk off with it, e.g. restaurant servers. Immediately call the toll-free, 24-hour service line for your credit company when you

¹ <http://www.nerdwallet.com/credit-cards/>

² <http://consumerist.com/2010/05/12/rent-to-own-is-loansharking/>

realize that your card has been lost or stolen. After you report it, you will have no liability for charges that you did not make.³

7) Consider opting out of pre-screened credit offers.

Pre-screened credit card offers can easily be stolen from your mail or your trash, giving identity thieves the opportunity to ruin your financial life. Opting out is a smart way for you to protect yourself without spending time sorting and shredding your mail.

8) You can opt out of prescreened credit offers for five years.

Call 1-888-5-OPT-OUT (1-888-567-8688) or go to www.optoutprescreen.com.⁴

9) You can opt out permanently by mail only.

The optoutprescreen.com website has a form that you may print and mail to the address indicated.

10) You may also send requests to each of the credit reporting bureaus, making sure to include your home telephone number, name, Social Security number, and date of birth.

Mail requests to opt out permanently must be sent to each of the addresses below:

Experian

Opt Out
P.O. Box 919
Allen, TX 75013

TransUnion

Name Removal Option
P.O. Box 505
Woodlyn, PA 19094

Equifax, Inc.

Options
P.O. Box 740123
Atlanta, GA 30374-0123

Innovis Consumer Assistance

P.O. Box 495
Pittsburgh, PA 15230-0495

³ <http://www.consumer.ftc.gov/articles/0216-protecting-against-credit-card-fraud>

⁴ <http://www.consumer.ftc.gov/articles/0148-prescreened-credit-and-insurance-offers>