



Unit 5 - Credit Cards



Lesson 1 - Intro to Credit Cards and Account Statements



Credit Cards

Credit cards are an alternative to cash and check purchases.

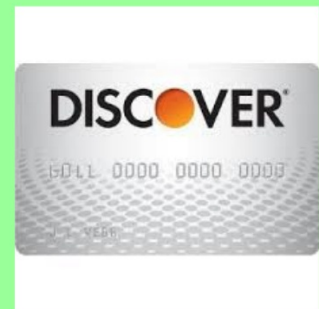
When you use a credit card, a company is making the purchase and then you pay the company back.

It's not always that simple, though.



Credit Cards

The biggest credit lenders are:



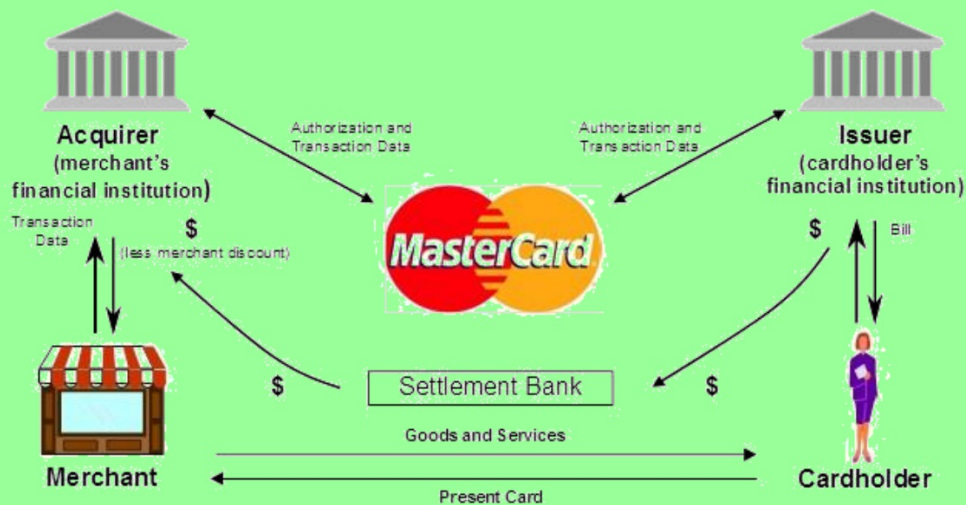
What about Visa and MasterCard?



Visa and MasterCard

Visa and MasterCard are companies that arrange payments between the lenders (banks or other institutions) and the merchants you are buying from.

Typical Point of Interaction Card Transaction



Credit Cards

So, credit cards just give you money to spend and then you pay it back?

- In theory, yes.

The lender gives you a limit (usually) on how much you can spend a month and then at the end of the month, you pay them back.



Credit Cards

WHAT IF...

You don't pay them back? Or you don't pay back you whole bill?

If you don't pay back your whole bill, you will be charged interest on the bill. The average interest rate for credit cards is 15%.

Credit Card Interest

So, you might be thinking....well I will just pay it off next month.

If you have a \$500 credit card bill...and make the minimum payment (let's say \$10)...

Initial amount:	\$500
Payment:	-\$10
New Balance:	\$490
Interest:	\$75 (15% of \$500)
Real Balance:	\$565
Next month:	\$500 (new bill)
Account Balance:	\$1165
Partial Payment:	\$500
New Balance:	\$665
Interest:	\$175 (15% of \$1165)
Real Balance:	\$850

Credit Cards

It is very easy to develop credit card debt.

The average credit card debt for American households is over \$15,000!



Credit Cards

You might see APR on credit card commercials.

APR stands for Annual Percentage Rate. This is your interest rate on your account.

Be aware of cards that promote 0%APR.

INTEREST RATES AND INTEREST CHARGES	
Purchase Annual Percentage Rate (APR)	0% Intro APR for the first 15 billing cycles that your Account is open. After that, 11.99% to 21.99% , based on your creditworthiness. These APRs will vary with the market based on the Prime Rate^a

That is usually just an introductory rate. It will increase over time.

If you pay your bill off every month, then the interest never kicks in.

Credit Card Statements

$$\text{New Balance} = \text{Previous Balance} + \text{Finance Charge} + \text{New Purchases} - \text{Payments (credits)}$$



Account Number: #### #### ####

Statement Closing Date:
September 02, 2016

Summary of Account Activity		
Previous Balance		\$ 668.09
Payments	-	668.09
Other Credits	-	0.00
Other Debits	+	0.00
Purchases	+	514.98
Cash Advances	+	0.00
Fees Charged	+	0.00
Interest Charged	+	0.00
NEW BALANCE		\$ 514.98
Credit Limit		\$ 1,250.00
Available Credit		735.00
Available Cash		735.00
Amount Disputed		0.00
Statement Closing Date		09/02/16
Days in Billing Cycle		32

Payment Information	
New Balance	\$ 514.98
Total Minimum Payment Due	\$11.00
Payment Due Date	09/26/16
Late Payment Warning: IF WE DO NOT RECEIVE YOUR MINIMUM PAYMENT BY THE DATE LISTED ABOVE, YOU MAY HAVE TO PAY A LATE FEE UP TO \$20.	


Contact Information	
	Customer Service: (800) 599-7889
	Report Lost or Stolen Card: (727) 570-4881
	After Hours: (800) 325-3678
	Please send Billing Inquiries and Correspondence to: CUSTOMER SERVICE PO BOX 30495 TAMPA, FL 33630
	Visit us on the web at: www.apcu.com
	Please Mail Your Payments to: VISA PO BOX 31279 TAMPA FL 33631-3279

Account Number: #### #### ####

Statement Closing Date:
September 02, 2016

Transactions... Continued						
Trans Date	Post Date	MCC Code	Reference Number	Description	Amount	
08/13	08/14	5411	24164076226091007536056	TARGET 00019737 TALLAHASSEE FL	19.34	
08/13	08/15	5812	24269796227100351941327	ISLAND WING COMPANY - TAL TALLAHASSEE FL	58.32	
08/15	08/16	4899	24692166228000293712046	SXM*SIJULSXM.COM ACCT 888-835-5144 NY	12.52	0
08/15	08/16	4899	24692166228000397957635	ATT*BILL PAYMENT 800-288-2020 TX	160.95	1
08/15	08/17	7342	24632696229500533007162	ALLGOOD PEST SOLUTION 478-272-6271 GA	59.00	2
08/27	08/28	5411	24445716240300310737836	KROGER #694 MILLEDGEVILLE GA	28.33	
08/27	08/28	5542	24445716240300310737919	KROGER FUEL CTR #1694 MILLEDGEVILLE GA	25.06	
08/28	08/29	5411	24445716241300373337937	KROGER #694 MILLEDGEVILLE GA	46.19	
08/30	08/30	4722	24692166243000397052829	EXPEDIA EXPEDIA.COM WA	95.28	
Payments, Adjustments and Others						
08/08	08/08	0000	74329776221001154987411	ACH PMT THANK YOU	668.09 -	
TOTAL PAYMENTS OR ADJUSTMENTS					\$	668.09 -
Fees						
TOTAL FEES FOR THIS PERIOD					\$	0.00
Interest Charged						
TOTAL INTEREST FOR THIS PERIOD					\$	0.00
2016 Totals Year To Date						
Total Fees Charged in 2016					\$	0.00
Total Interest Charged in 2016					\$	0.00

ScoreCard Bonus Points Information as of 09/01/16

	Beginning Balance	Points Earned	Promotional Points Earned	Points Adjusted	Points Redeemed	Ending Balance	Household Balance
	6,486	514	95	0	0	7,095	47,585

CONGRATULATIONS! YOU HAVE REACHED THE NEXT AWARD LEVEL. YOUR PURCHASES CAN PAY OFF WITH MORE POINTS AND MORE VALUABLE AWARDS.

USE YOUR SCORECARD REWARDS CARD FOR ALL YOUR PURCHASES AND EARN MORE CHANCES TO WIN 1,000,000 BONUS POINTS, AWESOME TRIPS OR OTHER PRIZES! YOU'RE AUTOMATICALLY ENTERED IN THE SCOREBIG SWEEPSTAKES. FOR EACH QUALIFYING PURCHASE MADE BETWEEN AUG 1 AND OCT 31, YOU'LL RECEIVE AN ADDITIONAL ENTRY IN THE SCOREBIG SWEEPSTAKES. SEE THE ENCLOSED INSERT OR VISIT WWW.SCORECARDREWARDS.COM FOR DETAILS.

THE HOUSEHOLD BALANCE CONSISTS OF THE TOTAL ACCUMULATED BONUS POINTS FROM ALL ELIGIBLE CARDS PARTICIPATING IN THE HOUSEHOLDING PROGRAM. FOR MORE INFORMATION, VISIT US ONLINE.

Interest Charge Calculation/Plan Level Information

Plan Description	ICM ¹	Balance Subject to Interest Rate	Periodic Rate	Annual Percentage Rate (APR) ²	Interest Charge
CURRENT					
PURCHASES	G	\$ 0.00	1.0750%	12.90%	\$ 0.00
CASH	G	\$ 0.00	1.0750%	12.90%	\$ 0.00
TOTAL				0.00%	\$ 0.00
¹ ICM Interest Charge Method: See reverse side of Page 1 for explanation.					
² Your Annual Percentage Rate (APR) is the annual interest rate on your account.					
(V) = Variable Rate. If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.					
PREV					
PURCHASES	G	\$ 0.00	0.8250%	9.90%	\$ 0.00
CASH	G	\$ 0.00	0.8250%	9.90%	\$ 0.00
TOTAL				0.00%	\$ 0.00
¹ ICM Interest Charge Method: See reverse side of Page 1 for explanation.					
² Your Annual Percentage Rate (APR) is the annual interest rate on your account.					
(V) = Variable Rate. If you have a variable rate account the periodic rate and Annual Percentage Rate (APR) may vary.					