

**YES... DEBT IS WHAT
OUR SOCIETY FACES
THESE DAYS.**

**OVER 90 PERCENT
OF MODERN
SOCIETY IS LIVING
ON PLASTIC MONEY.**

**THE PLASTIC
MONEY THEN
TRANSLATES INTO
CREDIT CARD BILLS
AND SOMETIMES
THE BILLS ARE
BIGGER THAN THE
HOLES IN OUR
POCKETS.**

**DEALING WITH
PERSONAL DEBT
CAN BE
CHALLENGING AND
MUCH OF THE
RESPONSIBILITIES
ARE YOURS!**

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All donations are tax deductible.
TAX ID #33-0806007
Checks can be made out to:
OCDAC

Thank you for your support!

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Center is a 501(c)(3) non-profit.
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DEBT

**12 CREDIT
CARD
SECRETS
BANKS DON'T
WANT YOU
TO KNOW**



**ORANGE COUNTY
DEAF
ADVOCACY
CENTER**

1. INTEREST BACKDATING

Most card issuers charge interest from the day a charge is posted to your account if you don't pay in full monthly. But, some charge interest from the date of purchase, days before they have even paid the store on your behalf! SOLUTION: Find another card issuer, or always pay your bill in full by the due date.

2. TWO-CYCLE BILLING

Issuers which use this method of calculating interest, charge two months worth of interest for the first month you failed to pay off your total balance in full. This issue arises only when you switch from paying in full to carrying a balance from month to month. SOLUTION: Switch issuers or always pay your balance in full.

3. THE RIGHT TO SETOFF

If you have money on deposit at a bank, and also have your credit card there, you may have signed an agreement when you opened the deposit account which permits the bank to take those funds if you become delinquent on your credit card. SOLUTION: Bank at separate institutions, or avoid delinquencies.

4. FEES ARE NEGOTIABLE

You may be paying up to \$50 a year or more as an annual fee on your credit card. You may also be subject to finance charges of over 18%. SOLUTION: If you are a good customer, the bank may be willing to drop the annual fee, and reduce the interest rate -- you only have to ask! Otherwise, you can switch issuers to a lower- priced card.

5. INTEREST RATE HIKES ARE RETROACTIVE

If you sign up for a credit card with a low "teaser" rate, such as 7.9%, when the low rate period expires, your existing balance will likely be subject to the regular and substantially higher interest rate. SOLUTION: Pay in full before the rate increase or close the account.

6. SHORTENED DUE DATES

Most card issuers offer a 25 day grace period in which to pay for new purchases without incurring finance charges. Some banks have shortened the grace period to 20 days--but only for customers who pay in full monthly. SOLUTION: Ask to go back to 25 days.

7. ELIMINATING GRACE PERIODS

That fabulous offer you received in the mail for a gold card with a \$10,000 credit limit, and lots of features may not be so great. The most common "string" attached is the card has no grace period. You are charged interest on everything from the day you buy it, even if you pay on time. SOLUTION: Throw the offer out!

8. DISAPPEARING BENEFITS

Many banks enticed you to sign up with extra benefits such as lifetime warranty, a 5% discount on all travel, or protection if an item purchased is lost. Now, some banks have cut back on these extras without the fanfare that launched them. SOLUTION: Read annual disclosure of changes, and switch cards if need be.

9. DOUBLE CASH ADVANCE FEES

Most credit cards impose both finance

charges and a transaction fee on cash advances. Interest starts from the day of the advance, and the transaction fee can be up to 2.5% of the amount taken. Beware of cards advertising "no finance charges." Transaction fees may still apply. SOLUTION: Limit cash advances.

10. FEWER RIGHTS ON DEBIT CARDS

Some Visa and MasterCard have payments deducted directly from your checking account (debit cards). Under federal law, you technically don't have the same right to "charge back" problem purchases as you do with a conventional credit card. Also, if the card is lost or stolen, you can have up to unlimited liability for losses if you don't report the problem within 60 days, which is different from the \$50 maximum liability on credit cards. SOLUTION: Know your card. Is it a credit cards or debit cards? They can look alike.

11. MISLEADING MONTHLY MINIMUMS

You may think it is beneficial to have a card where you only need to pay 2%-3% of your balance monthly. It is just the opposite. The bank stands to make far more money from finance charges the longer you carry out payments--and you foot the bill. SOLUTION: Pay all you can monthly.

12. INTEREST FROM DAY ONE

When you carry a balance from month to month, there is no grace period on new purchases on most cards. The 20-25 day grace period where no finance charges accrue does not apply when you don't pay in full each month. SOLUTION: Find cards that exclude new purchases when calculating interest.