



## CREDIT CARD FACT OR FICTION

**Front:**

When a credit card company sets limits on how much can be charged on a card, it's based on your ability to handle debt

**Back:**

TRUE

***Explanation:*** This is called a credit limit – the maximum amount of credit a credit card company or bank will allow a client to use. Beginner cards often have lower credit limits, and a person's credit limit can increase over time and as their credit report improves with good credit management.

**Front:**

Late fees, if you don't pay your bill on time, can be as high as \$35

**Back:**

TRUE

**Explanation:** Late fees (if you do not pay your bill by the day the grace period expires) can be costly. It can be helpful to write yourself reminders or sign up for automatic credit card payments to avoid these fees

**Front:**

Usually, the lower your credit score, the higher your credit card interest rates will be

**Back:**

TRUE

***Explanation:*** Consumers with higher credit scores tend to receive lower interest rates than consumers with lower credit scores. This is because a higher credit scores signifies a history of paying back credit responsibly.

**Front:**

The grace period for credit cards is usually about 30 days

**Back:**

FALSE

**Explanation:** A grace period is usually about 25 days. A grace period is the period between the end of a billing cycle and the date your payment is due. Your credit card statement must be made available to you no later than 21 days before the due date.

**Front:**

Secured credit cards can be a good option for someone with poor credit or no credit

**Back:**

TRUE

**Explanation:** Secured credit cards are “secured” with a cash balance, which the bank or company will keep if you do not pay your bill. Because these credit cards are secured by a cash deposit, they are easier for people with bad or no credit to qualify for.

**Front:**

If you charge over your limit on a secured credit card, the bank can take the balance from your account

**Back:**

TRUE

**Explanation:** The balance acts as collateral for the bank or credit card company in case you do not pay your bill.

**Front:**

Making the minimum payments saves you money

**Back:**

FALSE

**Explanation:** Making minimum credit card payments may save you money in the short-run, but it will cost you a lot in the long-run. Paying the minimum on your credit card will take longer to pay off the debt, which in turn will cause you to accumulate even more interest.

**Front:**

If you pay less than the minimum payment, your card will be deactivated

**Back:**

TRUE

**Explanation:** The minimum payment is the LEAST amount you can pay to keep the card active. If you pay less, your card will be deactivated.

**Front:**

If your credit card is lost or stolen, or has been used without your permission, you will be responsible for only the first \$100.00 of unauthorized charges if you report it right away

**Back:**

FALSE

**Explanation:** If you notify the authorities right away, you will be responsible for only the first \$50 of unauthorized charges.

**Front:**

If you pay your bill in full during the grace period, you won't have to pay a finance charge on purchases for that bill

**Back:**

TRUE

**Explanation:** Paying your bill in-full during the grace period ensures you won't have to pay late-fee finance charges.