



Credit Card Rates and Fees Often Confusing to Customers

Pittsburgh, PA— You know that the tiny print on the back of your credit card applications and statements contains incredibly important information, but you may not always take the time to read it. Well, take comfort—you're not alone!

A recent study released by the Government Accounting Office (GAO) found that many credit card holders didn't understand basic facts about their cards, such as when they would be charged late fees or which actions would cause the credit card issuer to raise their interest rates.

Although credit card issuers reported that only 35% of their active U.S. accounts were assessed late fees in 2005, ever-increasing fees and penalties have become a huge financial burden for many Americans. In some cases, penalties for late payments have climbed as high as \$39 per occurrence and interest rates for card holders who pay late or exceed their credit limit have gone up over 30%.

"It is imperative for consumers to be informed when it comes to understanding the terms of their credit cards," says Caryn Bilotta, Manager of Education Services for Advantage Credit Counseling Service, Inc. "Consumers should always read the fine print of their credit card agreements so they know upfront what fees and penalties their creditors can impose."

According to the GAO, although credit card issuers are required to disclose this important information to consumers, some weaknesses still exist in the current format. For example, information is often written well above the eighth-grade level (at which about half of U.S. adults read) and, most damaging for consumers, is the fact that the important details regarding late fees, penalties and interest rate changes are frequently buried in small print.

So, what's the solution? The GAO is recommending that the Federal Reserve revise its policies for credit card disclosure materials so that information that can significantly affect consumer payments is more clearly emphasized.

Advantage Credit Counseling recommends that all consumers looking at opening a credit card account ask some key questions:

- What will the APR increase to after the introductory period is over?
- Is there an annual fee, and if so, how much is it?
- How long is the grace period?
- How are finance charges calculated?
- What fees and penalty interest rates will you be assessed if you are delinquent on your account?
- Is the APR a fixed or variable rate?
- Is there a default clause where the cardholder can increase your interest rate if you are late on another card or bill?

Remember, while many credit card offers can be attractive, don't just sign on the dotted line without reading the fine print.

About Advantage Credit Counseling Service, Inc.

Since 1968, Advantage Credit Counseling Service, Inc. (ACCS) has been educating and counseling consumers about budgeting, personal financial management and the responsible use of credit. ACCS's services help to financially empower individuals, bettering their lives; increasing family stability; improving workplace performance; and ultimately benefiting the entire community. ACCS has nine locations in Western and Central Pennsylvania, and offers financial education workshops, [credit counseling](#), housing counseling, and bankruptcy counseling in numerous other states. For more information on additional services, class schedules, and States serviced please visit www.advantageccs.org or call 1-866-699-2227.

Advantage Credit Counseling Service, Inc. is an accredited member of the NFCC and AICCCA; and member in good standing of the Better Business Bureau.