

Tips to Consider When Shopping for a Credit Card – Accessible Version

Before signing up for a credit card, consider these tips.

Decide ahead of time when and how you plan to use your credit card.

Will you keep the card for emergencies? Will you pay your balance in full each month? Remember, small charges add up quickly!

Read and understand the terms before you accept the card.

Shop around for the card that meets your needs. All credit card agreements can be found online. Make sure you read—and keep—the fine print.

Beware of introductory rates.

You might start out with a low interest rate and then find the interest rate is much higher after a few months. In particular, be careful of zero percent interest rate promotional offers. With many of these, you must pay off the entire purchase by the time the promotional period ends to take advantage of the low-rate offer. If you don't, the lender will charge you interest—at the lender's standard rate—from the date you bought the item.

Be careful of reward or rebate cards.

Some card companies offer “rewards” for using their card. When you use these credit cards, you earn points towards goods or services, or you may receive cash rebates. You can then use the points towards flights, gift certificates, and other products.

Rewards sound great in advertisements, but the points formula can be complicated, the rules are subject to change, and the benefits may not be as generous as you think. You should always read the fine print and be realistic about your likely use of the card before you accept an expensive annual fee in return for rewards.

And don't let your guard down against unnecessary spending because you're earning rewards by using your card. This can more than cancel out the relatively small rewards you receive.

Look for added benefits.

Some credit cards automatically offer additional protections such as:

- Extended warranty period on certain products that you purchase
- Some limited insurance coverage if you rent a car