



Choosing Your Credit Card

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VISA ASIA PACIFIC FINANCIAL EDUCATION SERIES

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Choosing a Credit Card: Which One is Best For Me?

Today's consumers are presented with an array of credit card choices — cards with low interest rates or no annual fees, rebate cards, gold cards, platinum cards, and more.

How do you choose? Consider the impact a credit card can have on your financial health before deciding on one. The annual percentage rate (APR), fees or late payments all affect the overall cost of credit. Bear in mind your bill-payment patterns could also affect your total cost of credit.

Credit information from the issuing bank or financial institution should be your guide through the credit card menu. Read all the terms including the fine print of any offer. Shop around for the card that is best for you.

[Here is a checklist for choosing your credit card:](#)

Do You Pay in Full Every Month?

Many consumers choose to pay their credit cards in full each month. For these card users, the interest rate on a credit card may matter less than the annual fee and the rebates they earn when they use the card.

These cardholders might want to consider a co-branded card. These cards may have relatively high interest rates, but if you pay your bill in full, these rates may not affect you. These cards also provide such extras as rebates, cash rewards, and free or discounted merchandise. But beware that the extras may not last the lifetime of the card.



Do You Plan Ahead?

You're planning to redecorate, and you spot exactly the furniture you want on sale for hundreds of dollars less than you thought you'd have to pay. You've been having a good year, and you'll be getting your annual performance bonus in a few months.

Your plan: charge the furniture to your credit card, pay what you can afford each month until bonus time, then pay off the entire amount.

Using a card offering a low introductory rate can be one choice for financing large purchases over a short time if you are certain you will pay off the balance and are comfortable with the terms.

Do You Plan to Maintain a Balance?

Some credit card users regularly maintain a balance on their cards. Most card users always pay more than the minimum and they shop for the cards with the lowest rate in order to minimize the amount of interest to be paid every month. Shopping for the lowest interest rate is generally a good strategy for users who expect to carry a balance from month to month.

Do You Need a Gold or Platinum Card?

Gold and platinum cards are the premium tier of credit cards, offering a blend of high credit limits and exclusive benefits. Issuing banks usually require gold and platinum cardholders to meet higher standards of income and creditworthiness. The cards sometimes have higher interest rates, so if the value-added enhancements of a gold or platinum card are attractive to you, you may want to pay the balance each month to reduce your cost of credit.

The higher credit limit and other perks offered to users of gold and platinum cards are especially attractive to frequent business and/or leisure travelers. Typical value-added services include rental car damage coverage, travel accident insurance and an extended



warranty on items purchased with the card. It's important to consider a card's terms and ask yourself which perks you'll really use before committing to gold or platinum.

Is a Co-Branded or Affinity Card Useful to You?

Co-branded and affinity cards carry the name of a third party on the card, in addition to the name of the bank or financial institution that issued the card and the card brand.

Both co-branded and affinity cards offer additional value from each transaction made with the card. The difference is who benefits.

With co-branded cards, you typically benefit by accumulating points for discounts with every charge. Co-brand card partners may range from department stores, airlines, travel agencies to retailers, etc. With affinity cards, a third-party organization, for example an alumni association or a charity or a museum, receives a portion of each transaction made with the card.

Choosing Wisely - Using Wisely

"Know yourself" should be the motto of anyone shopping for a credit card. A bit of research and a good deal of self-analysis of your credit needs and bill-paying habits should lead you to the right card. Regardless of which card you choose, use your card wisely, and repay your debts on time.

