



Using Credit Wisely Seminar

A Consumer Action Publication



Consumer Action created this project in partnership with Chase

Using Credit Wisely Seminar

Seminar Purpose:

To provide workshop participants with an understanding of the benefits, costs, and responsibilities of revolving credit and the information they will need to obtain credit and use it wisely.

Seminar Objectives:

By the end of the training, participants will understand:

- The different types of credit available.
- The advantages and disadvantages of credit.
- The costs of credit.
- How to compare terms and choose the best credit card.
- How to read a credit card statement.
- How to use credit wisely, and avoid penalty fees and rates.
- Where they can obtain additional information and assistance

Seminar Duration:

This is a three-hour seminar. There will be one fifteen-minute break about halfway through.

Materials:

For instructor:

- *Staying on Track with Credit* brochure
- Credit training manual - *Questions & Answers About Obtaining and Managing Credit*
- *Using Credit Wisely* visual teaching aid (PowerPoint presentation with instructor's notes)
- *Using Credit Wisely* seminar lesson plan:
 - Lesson plan (pages 4-15)
 - *Sample Credit Card Billing Statement*
 - *Sample Credit Card Solicitation*
 - *Credit Card Match-Up* scenarios
 - Disclosure chart for credit card matching activity
 - Copy of most recent Consumer Action *Credit Card Survey* (optional; download PDF from www.consumer-action.org and make copies)
 - *Credit Card Comparison Worksheet* (for at-home use)
 - Evaluation form for the *Using Credit Wisely* seminar

You will also need:

- A computer and an area on which to project the PowerPoint presentation
- An easel and pad, or a whiteboard, and markers

For participants:

- *Staying on Track with Credit* brochure
- Copy of seminar PowerPoint slides (optional)
- *Sample Credit Card Billing Statement*
- *Sample Credit Card Solicitation*
- Copy of most recent Consumer Action *Credit Card Survey* (optional)
- *Credit Card Comparison Worksheet* (for at-home use)
- Evaluation form for the *Using Credit Wisely* seminar
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Seminar Outline

Session One – Topics	Minutes
Welcome	(10)
Advantages of Credit	(15)
Types of Credit	(10)
Card Types	(10)
Credit Card Terms	(20)
Group Activity: <i>Credit Card Quiz Game</i>	(15)
Reading a Credit Card Billing Statement	(15)
Break	(15)
Session Two – Topics	Minutes
Comparing Credit Cards	(20)
Group Activity: Credit Card Match-Up	(15)
Obtaining Credit	(10)
Using Credit Wisely	(15)
Questions & Answers	(10)
Wrap-up and Evaluation	(5)

Session One

Instructor's Note: Before conducting the training, familiarize yourself with the *Staying on Track with Credit brochure*, the *credit training manual (Q&A About Obtaining and Managing Credit)*, and the *PowerPoint presentation*. The *PowerPoint presentation* contains notes for each slide. These notes offer talking points, and detailed information about the items appearing on the slide. This lesson plan indicates which slides correspond to which parts of the lesson, and when to move to the next slide.

➡SLIDE #1 (onscreen as participants arrive)

Have participants pick up packets on their way in, or place them on seats/tables before class. Direct participants who arrive early to begin reading the *Staying on Track with Credit* brochure.

Welcome (10 minutes)

Welcome participants. Introduce yourself and review the purpose of the seminar and the day's agenda.

You can hand out packets at this point if you have not already done so.

Review the contents of participants' packets. Ask the class to take a look inside their packets and make sure they have all the materials needed.

Ask participants to introduce themselves and tell you what they hope to get out of the seminar. On your whiteboard or easel pad, jot down some of the topics participants want to learn about.

(This activity is designed to serve as a brief icebreaker. It will also give you an idea of what participants' expectations and needs are.)

Briefly go over the schedule for the day.

Advantages of Credit (15 minutes)

Introduction: Credit can be an important financial tool.

Ask the class, "What are the advantages of having credit?"

TIP: This can be done informally, with participants calling out answers. If you like, you can write down their responses on the easel pad or whiteboard.

After a moment or two of brainstorming, reveal the following slide.

➡SLIDE #2

Per slide notes, present each item in the list.

Encourage discussion by asking:

- When does it make sense to pay for a purchase over time? When is it not a wise choice?
(It can make sense to purchase a big-ticket item, such as a washing machine, on credit if, for example, the purchase could ultimately save you money and will last a much longer time than the repayment period, or if you were planning to make the purchase soon anyway but you have the opportunity to get a great deal (save money) if you do it now. It doesn't make sense to purchase things on credit that will not increase in value, will not save you money, will go out of style or lose usefulness before they are paid off, or are not necessities.
- Have you ever found you couldn't do something—like rent a car or buy an airline ticket—because you didn't have a credit card? What did you do?
- *(After going through all items in list):* What do you find are the biggest advantages of having a credit card? Are there any disadvantages?
There are no right or wrong answers here. A couple of disadvantages to point out, if they are not offered by participants, are the potential to accumulate too much debt, and the higher cost of purchases—because of finance charges and fees—if you do not pay your bill in full each month or if you do not abide by all terms of the credit agreement.

Types of Credit (10 minutes)

Introduction: There are two main types of credit: installment credit and revolving credit.

Ask the class, “What are some examples of installment credit?”

After a moment of brainstorming, ask the class, “What are some examples of revolving credit?” After another moment or two, reveal the next slide.

➡SLIDE #3

Per slide notes, go over each item in the list.

When presenting the point about how the available credit fluctuates as you make purchases and payments, present the following example on the easel pad or whiteboard:

EXAMPLE OF REVOLVING CREDIT:

- Let's say you have a credit limit of **\$500**...
- This month you make purchases totaling **\$200**...
- That leaves you with available credit of **\$300** (\$500 - \$200)...
- When your bill comes, you make a payment of **\$150**...
- How much credit will you have available to use now? **\$450** (\$300 + \$150)

Note: This example assumes the cardholder did not carry over a balance from the previous month, so there are no finance charges on the current balance. Let the class know you'll talk about credit card finance charges soon.

After covering all points on the slide, remind the class that today's seminar will focus on short-term revolving credit—credit cards, in particular.

Card Types (10 minutes)

Introduction: Did you know that nearly one in every three purchases in the U.S. is made with some type of “plastic”—a credit, charge, debit or prepaid card?

Different types of cards offer different features, costs and benefits. You have to understand how all these card types differ before you can choose the best one—or ones—to meet your needs.

➡SLIDE #4

Per slide notes, go over each item in the list.

Point out that many consumers have more than one type of card—for example, it's common to carry, say, a widely accepted credit card, a gas card (which is also a type of credit card), and a debit card.

Credit Card Terms (20 minutes)

Introduction: Every credit card comes with guidelines, or rules, regarding use, cost and payment. These are called “terms.” If you want to choose the best card for your needs, and avoid penalties after you have chosen a card, you must understand the card's terms.

Let's go over some key credit card terms.

➡SLIDE #5

Per slide notes, go over each item in the list.

➡SLIDE #6

Per slide notes, go over each item on the slide.

➡SLIDE #7

Per slide notes, go over each item on the slide.

Group Activity: Credit Card Quiz Game (15 minutes)

Activity instructions:

Break the class into three teams. Instruct each team to choose one person to “buzz” in when they think their team has the right answer. (Buzzing in could mean raising a hand, making a buzzing noise, ringing a bell you provide, etc.)

Read each of the “answers,” one by one. (There are 14 answers and questions.)

After finishing each statement, allow the team that buzzes in first to answer. If the team gets the answer correct, it scores a point (keep track on your easel or a whiteboard), and you move on to the next statement. If the team answers incorrectly, either of the other two teams can buzz in to steal the point. If the team provides the correct answer, it earns the point. If it doesn't, the third team has the opportunity to answer correctly and steal the point.

Remind participants that a wrong answer loses a point for the team, so it only pays to guess if you are pretty sure you're correct.

If all three teams get the wrong answer, you provide it, discuss, and move to the next answer.

Remember, you are providing the answers—the teams must provide the questions. *(This game is played like the television game show Jeopardy!®, in which contestants supply the question after first hearing the answer.)*

A: The 20-to-25-day period when finance charges don't accrue IF you start the billing cycle with a \$0 balance.

Q: What is the grace period?

A: The maximum amount you would be liable for if you notified the credit card company immediately that your card was lost or stolen.

Q: What is \$50?

A: A car loan or a home mortgage, for example.

Q: What is installment credit?

A: Also known as short-term credit or open-ended credit.

Q: What is revolving credit?

A: A card without a credit limit, that does not allow you to revolve your debt—like an American Express card.

Q: What is a charge card?

A: A type of card that requires a deposit and can help someone establish or re-establish credit.

Q: What is a secured card?

A: A card that offers the convenience of a credit card without the risk of getting into debt.

Q: What is a debit card?

A: The fee that you incur when you use your credit card overseas.

Q: What is the currency conversion fee?

A: The maximum amount you can charge?

Q: What is your credit limit?

A: The lender's fee for allowing you to use its money.

Q: What is interest?

A: The amount (expressed as a percentage) added to the index to arrive at your interest rate.

Q: What is the margin?

A: The monthly dollar amount of interest on a \$600 credit card balance at 20%.

Q: What is \$10? ($\$600 \times 20\% = \120 per year; $\$120$ annual interest / 12 months = \$10 per month)

A: The number of days' written notice required for a change in interest rate on a fixed-rate credit card.

Q: What is 15?

A: The APR that represents your total finance charges, including all interest and fees, expressed as a percentage.

Q: What is the effective APR?

After the last question, tally up the points and declare a winner. The prize: the right to gloat!

Reading a Credit Card Billing Statement (15 minutes)

Introduction: As a cardholder, you will receive a monthly bill and statement of your account activity. It's important to review your credit card billing statement carefully every month. Let's go over some of the items you should look for.

Have participants remove the *Sample Credit Card Billing Statement* from their packets.

➔SLIDE #9

Per slide notes, go over each item, pointing out each one on the sample statement as you proceed.

"Not all card statements will look exactly like this, but they will all contain these key pieces of information."

"Let's see how well you can find your way around a credit card statement."

Proceed to ask the class the following questions, giving them a chance to find the information on the statement. Provide guidance as needed.

Q: Why doesn't the purchase Sarah made on July 7th at the Style Salon appear on this statement?

A: Because the closing date is July 5th. (Point out the closing date.)

Q: By what date should Sarah mail her payment?

A: At least seven days before the due date—so July 18th. (Point out the payment due date.) Remember, the due date is not the mailing date—it is the date by which the creditor must have received the payment.

Q: How is Sarah's available credit (\$243.54) calculated?

A: Total Credit Line (\$1,000.00) minus Previous Balance (\$332.56) plus Payments, Credits (\$91) minus Purchases, Cash, Transfers, etc. (\$514.90).

Q: Why was Sarah assessed a \$25 late fee last month?

A: Based on the payment due date for this month, we can assume her payment due date for the previous month (June) was around the same time. According to this statement, however, her \$75 payment only posted on June 28th.

Q: Which transactions decreased Sarah's balance?

A: Her payment of \$75 and a return at BuyRight department store for \$16.

Q: What is the minimum amount Sarah must pay to avoid a late charge this month? Why is it so high—nearly 10% of the outstanding balance?

A: \$67 (Point out the Minimum Payment Due.) It is high because Sarah must pay the entire late fee and finance charge in addition to the 3% to 4% of her balance.

Q: Is this a rewards card?

A: Yes. (Point out the Points information, just above TRANSACTIONS.)

Q: Why was Sarah assessed a finance charge this month?

A: For two reasons: First, she carried over a balance from the previous month. (Point out Previous Balance and Payments, Credits.) Second, she took a cash advance—and there is a transaction fee for cash advances and no grace period, even if you do not revolve debt from the previous month.

Q: Why does the number of days in the billing cycle matter?

A: Because the number of days in the billing period will have a bearing on the average daily balance, and that is what is used to calculate finance charges for the month.

Q: If Sarah's interest rate is 21.99% for purchases and 27.99% for cash advances, why is the effective APR 31.24%?

A: It is because the effective APR includes transaction fees. This disclosure is designed to show you the real cost of borrowing.

Q: Why is it important to review your statement?

A: To make sure payments and credits have been posted. To check for errors in charges and fees. To look for fraudulent charges, charges for merchandise you didn't accept, or charges for an item or service that was not delivered.

If you find a mistake on your bill, contact the credit card company immediately (or at least within 60 days of the first bill containing the error) to dispute the charges. You have the right to withhold payment on the disputed amount while your card company is investigating, but you still have to pay any part of the bill that's not in dispute, including finance and other charges. Your dispute must be resolved within the shorter of two billing cycles or 90 days.

Break (15 minutes)

Announce a 20-minute break. Make yourself available for a few minutes to direct people to the restroom or a place to get drinks and snacks.

Leave the following slide onscreen during the break.

➔SLIDE #10

Session Two

Comparing Credit Cards (20 minutes)

Introduction: Different credit cards cater to different needs. Before you apply for a credit card, you should determine that it is a card that meets *your* needs, and that it is the best deal available to you.

To find the right card, you have to know how you will use it. For example, if you are someone who always pays your balance in full each month, then the interest rate will be less important to you than certain other terms, such as transaction fees or rewards. If you're someone who travels a lot, then the currency conversion fee will be more important to you than it would be to someone who very rarely travels outside the U.S.

Once you have determined how you will use the card and which terms, features and benefits are most important to you, you are ready to begin shopping for a credit card.

➔SLIDE #11

Per slide notes, go over each item.

Upon reaching the last item in the list, ask the class, "Where do you find this information when you are considering a credit card?"

Ask participants to remove the *Sample Credit Card Solicitation* from their packets.

"By law, all credit cards must disclose certain information with every solicitation." Go over each item in the boxes, from *Annual Percentage Rate (APR) for Purchases* through the smaller box, below the main box, where balance transfer, late, and other fees are disclosed. Also, point out the paragraph beneath that, which explains that payments will be applied to lower-rate balances before higher-rate balances.

(TIP: Prepare for this section by highlighting key information on your copy of the sample disclosure.)

Then ask the following questions to get participants thinking about how to read and evaluate a credit card disclosure.

Q: For what reasons could the credit card company change your terms?

A: “We may change them based on information in your credit report, market conditions, business strategies, or for any reason.” (First paragraph of solicitation.)

Q: How long does the promotional (teaser) rate of 0% last on this card?

A: 6 months (First line of Annual Percentage Rate (APR) for Purchases box and first line of Other APRs box.)

Q: What could cause the promotional period to end sooner?

A: “The Promotional Period will end sooner if your payment is late or the account balance is over the credit limit.” (Second to last sentence in the same paragraphs that disclose the 0% promotional rate for purchases and balance transfers.)

Q: Based on this disclosure, if you took a \$200 cash advance, how much would the cash advance fee be?

A: \$10. The regular cash advance fee is 3% of the transaction amount, which would be \$6 on a \$200 cash advance. However, this card imposes a minimum cash advance fee of \$10. (This is disclosed in the smaller box below the main disclosure box.)

Q: How much higher is the cash advance APR than the regular purchase or balance transfer APR?

A: 4%. The margin for the purchase/balance transfer APR is 8.99%. The margin for the cash advance APR is 12.99%. (This is disclosed in the Variable-Rate Information box.)

Q: If the prime rate increases to 7%, what will your interest rate on purchases be?

A: 15.99% (7% + 8.99%).

Q: How much is the penalty APR?

A: 29.99%. (This is disclosed under Other APRs.)

Q: If you took advantage of the 0% balance transfer offer and transferred \$1,000 to this card, what is the amount of the balance transfer fee you would have to pay?

A: \$0 (“Standard Balance Transfer Fee: None.” This is disclosed in the smaller box below the main disclosure box.)

Q: If you have a balance of \$400 and you make your payment late, how much will your late fee be?

A: \$39. The late fees are based on the balance. In this case, balances of more than \$250 carry a \$39 fee. (This is disclosed in the smaller box below the main disclosure box.)

Q: Does it matter what time your payment arrives on the due date?

A: Yes. According to this disclosure, it must arrive by 5 p.m. Eastern time. (This is disclosed in item #2, below the boxes.)

Q: If you do not agree with one of the terms of the agreement, can you cross it out before submitting the application?

A: You can accept or decline the agreement, but you cannot make changes to it. (“Any changes I make to the terms of this application will have no effect.” This is disclosed under the AGREEMENT

section.)

Q: How would a credit card company notify you of any changes to these terms?"

A: The credit card company can change any of the terms with 15 days' written notice. Such notices are often included with cardholders' billing statement, so always check the material sent along with your bill for important notices.

Group Activity: Credit Card Match-Up (15 minutes)

Introduction: Now that you know how to read a credit card disclosure and evaluate credit card terms, you can help a few credit card shoppers who are having some trouble deciding which card to apply for.

➔SLIDE #12

Divide the class into groups. (Due to time constraints, it's best to not exceed three or four groups.) Give each group a copy of the *Help Our Shoppers Choose the Right Credit Card* worksheet and as many copies of the *Disclosure Chart for Credit Card Match-Up* as necessary to allow everyone in the groups to view it and participate.

Instruct the class to take 10 minutes to answer the five questions, basing their choices on the information in the consumer profiles and the knowledge they already have. As is the case in real life, there is not necessarily one perfect card for each consumer.

Direct each group to select a representative to explain why they made the choices they did. At the end of the work period, go over the questions one by one, asking each group to explain its choice(s) for that particular scenario.

Here are some talking points to guide you through each question/scenario:

1. The only card that will allow Javier to transfer his entire \$4,000 balance is the WorldExpress Visa, since it offers a \$5,000 credit limit. He will have to pay a \$75 annual fee and 3% of the balance transfer amount, or \$120. He will get 0% interest for three months, and then his interest rate will jump to 22.99%. If Javier chooses CreditMax Visa, he will not be able to transfer the entire amount, so he'll have to leave \$1,000 on his old card—that may be a deal breaker for him. On the up side, the annual fee on this card is only \$50, and there is no balance transfer fee (a savings of \$120). And, the promotional interest rate of 0% lasts 9 months—6 months longer than the WorldExpress Visa. That is enough time to pay down a significant portion of the balance at 0%, resulting in savings that could be as high as \$300 or more ($\$4,000 \times 18.99\% = \$760/\text{year}$; $\$760/12 = \$63/\text{month}$; $\$63 \times 6 \text{ months} = \378 ; actual savings depends on the monthly payment and resulting balance during each of those six months paying interest on the WorldExpress Visa). However, Javier will pay a higher interest rate (21.99%) on the CreditMax Visa after those first 9 months than he would on the WorldExpress Visa.

2. Neither the EZSpend MasterCard nor the QuikCredit MasterCard offer rewards, so Rita will want to choose between the two Visa cards. Since she pays off her balance every month, she is probably not too concerned that the CreditMax Visa charges a higher interest rate of 25.99%. And since she makes significant charges but does not travel much, she will probably benefit much more from the 1% cash back that the CreditMax Visa offers than she would from the airline miles offered by WorldExpress Visa.

3. Since Jackson uses his card mainly to pay for large expenses that he has to finance over a number of months, he will want to pay close attention to the interest rate for purchases. While WorldExpress Visa and CreditMax Visa offer 0% promotional rates, he may not even use the card in those first months. And once those rates expire, Jackson will be faced with rates of 22.99% and 25.99%. The EZSpend MasterCard offers the best long-term purchase rate, at 15.99%. Also, there is no annual fee. And the credit limit of \$1,500 is likely to be high enough to accommodate the occasional car repair, airline ticket or big-ticket purchase. The method of computing the balance also is in his favor, since it excludes new purchases.

4. Lynette's best options are probably the WorldExpress Visa and the EZSpend MasterCard. The big advantage of the Visa is that it is a rewards card that awards airline miles—something Rita could really use. The advantages of the MasterCard are that it charges a lower interest rate (15.99% compared to 18.99%) and a lower currency conversion fee (1% compared to 3% of the transaction amount), with no minimum (compared to the Visa's \$10 minimum). This is significant, since she makes many of her transactions overseas. Also, the MasterCard has no annual fee. Regarding her late payments, Lynette would not be penalized quite as much with the MasterCard, since it charges a lower late fee and a slightly lower default rate. However, these penalties are still significant, especially when you compare the MasterCard default APR of 26.99% to the regular purchase APR of 15.99%. On a \$2,000 balance, that is the difference between paying \$540 and paying \$320 in annual interest. One way for Lynette to avoid late payments, even when she is traveling, is to set up automatic payments with her credit card issuer.

5. Leslie and Lee can limit their risk somewhat by choosing the QuikCredit MasterCard, which has a credit limit of \$300. And, there is no annual fee. What Leslie and Lee should be aware of, however, is that their liability is not limited to \$300. If their son defaults, it could be only after accruing many months of finance charges and miscellaneous fees.

Obtaining Credit (10 minutes)

Introduction: If you don't already have a credit card, you may wonder how and where to get one. There are a number of ways to get a credit card. How you do it depends on your credit history and your credit needs.

➡SLIDE #13

Per slide notes, go over each item.

Using Credit Wisely (15 minutes)

Introduction: Once you have a credit, you have to use it wisely, because good credit is a valuable tool. Ask the class, "What is "good credit?"

After a moment or two of input, ask the class, "Why is it important to have good credit?"

After a moment or two of input, explain that, "among other benefits, a good credit history enables you to qualify for lower interest rates on credit in the future. Take a look at how their credit history affects the two car loan applicants in this example."

As you present the example, write key info/numbers on your easel or whiteboard:

Jose and his friend Gordon both apply for a 36-month (three-year) car loan of \$18,000:

Borrower:	Jose	Gordon
Credit Score:	695	600
Interest Rate:	8.138%	15.277%*
Monthly Payment:	\$785	\$870
Total Paid:	\$28,260	\$31,320

Cost of a low credit score: \$3,060 over three years...more than \$1,000 per year!

Note that Gordon must pay an interest rate nearly double what Jose has to pay. And his monthly payment is \$85 higher.

**Scores and corresponding interest rates provided by myFICO.com.*

In addition to saving you money on interest, as it did for Jose, good credit can have a bearing on your ability to rent a home, get a job, buy insurance, or receive utility, cell phone and other services since employers, insurance companies, landlords and service providers often look at your credit report or credit score to see how reliable you have been in repaying your debts.”

Ask the class, “How can *you* achieve good credit?” After a few moments of brainstorming, continue.

“Good credit is a result of using credit wisely. What does that mean?”

Reveal the next slide.

➡SLIDE #14

Per slide notes, go over each item.

When presenting the point about paying more than the minimum, ask the class, “How long do you think it would take you to pay off a \$2,000 credit card balance at 19.99% interest if you paid only the minimum monthly amount?”

After getting a few guesses, continue.

Answer: 10 years. This assumes a monthly payment of 4% of the balance, or \$10, whichever is greater. And it does not take into account any late, overlimit or other fees.

Ask the class, “How much do you think you’d pay in interest on that \$2,000 debt over those 10 years?”

Answer: About \$1,325.

Questions & Answers (10 minutes)

Preparation: Review Using Credit Wisely training manual and brochure.

Open the floor to questions. The training manual is written in Q&A format to help you answer frequently asked questions.

After answering questions, point out the following in participants' folders:

- *Credit Card Comparison Worksheet:* Encourage participants to use this worksheet when they shop for a new credit card, or to compare the terms and features on cards they already have. (They may find they have a card now that is not very consumer friendly.)

Wrap-up and Evaluation (5 minutes)

➡SLIDE #15

Congratulate attendees on their participation in the seminar and wish them success. Ask them to fill out the seminar evaluation form and leave it on a table or in a large envelope you provide.

SAMPLE CREDIT CARD BILLING STATEMENT

Statement for account #: 1234 5678 9012 3456

QuikCredit MasterCard
PO Box 123
Plasticville, DE 64532

Sarah Sanborn
123 Lucky Lane
Mapletown, NY 12345

Opening/Closing Date: 6/6/08 – 7/5/08
Past Due Amount:
New Balance:
Payment Due Date: 7/25/08
Minimum Payment Due: \$67.00

ACCOUNT SUMMARY

Previous Balance:	\$332.56	Total Credit Line:	\$1,000.00
Payments, Credits:	\$91.00	Available Credit:	\$243.54
Purchases, Cash, Transfers, Fees, Finance Charges:	\$ 514.90	Number of Days in Billing Cycle:	30

Previous Points Balance: 2,456
Points Earned This Period: 373
Points Redeemed This Period: 0
Points Balance: 2,829

TRANSACTIONS

<u>Date</u>	<u>Merchant Name or Transaction Description</u>	<u>Credit</u>	<u>Debit</u>
6/10	Balance Transfer		300.00
6/14	FlowerWorld		50.00
6/20	BuyRight Department Store	16.00	
6/26	Late Fee		25.00
6/28	Payment	75.00	
7/2	Happy Burger		23.42
7/3	Cash Advance		100.00
7/3	Cash Advance Fee		5.00
7/5	Finance Charge		11.48

FINANCE CHARGES

Purchase APR: 21.99%	Cash Advance APR: 27.99%
Average Daily Balance: 620.00	Average Daily Balance: 10.00
Transaction Fee: 0.00	Transaction Fee: 5.00
Finance Charges: 10.48	Finance Charges: 1.00

Effective APR: 31.24% (Represents your total finance charges, including transaction fees—expressed as a percentage.)

SAMPLE CREDIT CARD SOLICITATION

All account terms are governed by the Credit Card Agreement. Account and Agreement terms are not guaranteed for any period of time; all terms, including the APRs and fees, may change in accordance with the Agreement and applicable law. We may change them based on information in your credit report, market conditions, business strategies, or for any reason.

<p>† Annual Percentage Rate (APR) for Purchases</p>	<p>0% Introductory APR for the first 6 statement Closing Dates following the opening of your account. After that, the Standard Variable APR is 16.99% The Promotional Period will end sooner if your payment is late or the account balance is over the credit limit. See 1 and 3 below.</p>
<p>Other APRs</p>	<p>Balance Transfers: 0% Introductory APR for the first 6 statement Closing Dates following the opening of your account for all Balance Transfers, Check Cash Advances, and Direct Deposits. After that, the APR for any balances that were subject to the Introductory APR is 16.99%. The Standard Variable APR for Balance Transfers is 16.99%. The Introductory APR will end sooner if your payment is late or the account balance is over the credit limit. See 1 and 6 below.</p> <p>Cash Advances: Standard Variable APR is 20.99% for all Direct Deposits, Check Cash Advances, ATM Cash Advances, Bank Cash Advances, Overdraft Protection and Cash Equivalent transactions. See 7 below.</p> <p>Default APR: Up to 29.99% for all Purchase, Balance Transfer, and Cash Advance balances if late or overlimit. This is not a variable rate. See 2.</p>
<p>Variable-Rate Information</p>	<p>Your APRs may vary. For each billing cycle, we determine each APR by adding a margin to the prevailing U.S. Prime Rate. The margin for the Standard APR for Purchases and Balance Transfers is 8.99%. The margin for the Standard APR for Cash Advances is 12.99%. See 3 below.</p>
<p>Grace Period for repayment of balance for Purchases</p>	<p>At least 20 days from the statement Closing Date (provided you fully paid your New Balance Total from the previous statement by its Payment Due Date). See 4 below.</p>
<p>Method of computing balance for Purchases</p>	<p>Average Daily Balance (including new purchases).</p>
<p>Annual Fee</p>	<p>None.</p>
<p>Minimum Finance Charge</p>	<p>\$0.50</p>
<p>Foreign Transactions</p>	<p>Transaction fee for any transaction made in a foreign currency: 3% of the U.S. Dollar amount of each transaction. Fee will be in addition to other applicable fees.</p>

Standard Balance Transfer Fee: None.

Standard Cash Advance Fee: 3% of each such transaction (minimum \$10).

Late Fee: Based on your balance as of the day the fee is assessed - \$15 if \$0 - \$100; \$29 if between \$100.01 - \$250; \$39 if \$250.01 or over.

Overlimit Fee: Based on your balance as of the day the fee is assessed - \$15 if \$0 - \$500; \$29 if between \$500.01 - \$1000; \$39 if \$1000.01 or over.

If your account has balances with different APRs, payments are applied to the balance with the lowest APR before any payments are applied to balances with higher APRs. This means that balances with higher APRs are not reduced until balances with lower APRs have been paid off.

1 The Introductory APR(s) is effective upon the opening of your account and does not apply to Cash Advances, other than Check Cash Advances and Direct Deposits. When the Introductory APR(s) ends, the Standard (non-introductory) Variable APR is calculated using the Variable-Rate Information and is applied to new and outstanding balances (consisting of Purchases and Balance Transfers). If your payment is late or the account balance is over the credit limit, the Standard Variable APR will be applied to those balances as of the first day of the billing cycle in which the payment was late or the balance exceeded the credit limit. We reserve the right to change the APRs in our discretion including, for example, the margins.

2 When your minimum payment is either late (i.e., not received by 5 p.m., ET, on its Payment Due Date), or the account balance is over the credit limit, on any two occasions within 12 consecutive months, we may increase each of your account Standard Variable APRs up to the Default APR. The Default APR will be applied to all new and outstanding balances with Variable APRs then below the Default APR. If a Default APR is applied to your account, then all APRs, including APRs then at or above the Default APR, will no longer vary.

3 The U.S. Prime Rate used to determine your APRs for each billing cycle is the highest rate appearing in The Wall Street Journal on the last publication date of the calendar month that ends within that billing cycle. On October 31, 2008, the U.S. Prime Rate was 4.0%.

4 The number of days between your statement Closing Date and your Payment Due Date (the grace period) may vary from one billing cycle to another.

5 We include Transaction Fees when computing finance charges. Incurring Fees results in an APR exceeding 0% for the billing statement on which those fees appear. The Daily Periodic Rate (DPR) will remain 0% as disclosed.

6 Check Cash Advances and Direct Deposits that post to your account after this promotional offer ends will be Cash Advances with a 20.99% Standard Variable APR.

7 Cash Equivalent transactions are defined as money orders, foreign currency, and travelers checks from a non-financial institution, person to person money transfers, bets, lottery tickets, casino gaming chips and bail bonds.

AGREEMENT

By submitting this application, I agree to the conditions described below and to be bound by each of the terms of the Credit Card Agreement, including arbitration:

I have read this application, and everything I have stated is true. I am at least 18 years of age or I am at least 21 years of age if a permanent resident of Puerto Rico. I authorize XYZ Card Services, N.A. (hereinafter "you" or "your") to review my credit and employment histories and any other information in order to approve or decline this application, service my account, and manage your relationship with me. I consent to your sharing of information about me and my account with the organization, if any, endorsing this credit card program. I authorize you to share with others, to the extent permitted by law, such information and your credit experience with me. In addition, I may as a customer later indicate a preference to exempt my account from some of the information-sharing with other companies ("opt-out"). If I accept or use an account, I do so subject to the terms of this application, the "Details of Rate, Fee, and Other Cost Information," and the Credit Card Agreement (which includes an arbitration provision) as it may be amended; I also agree to pay all charges incurred under such terms. Any changes I make to the terms of this application will have no effect. I accept that on a periodic basis my account may be considered for automatic upgrade at your discretion. I consent to and authorize you, any of your affiliates, or your marketing associates to monitor and/or record any of my phone conversations with any of your representatives.

***BALANCE TRANSFERS.** If the total amount you request exceeds your credit line, we may either send full or partial payment to your creditors in the order you provide them to us or we may send you Access Checks. Allow at least 2 weeks from account opening for processing. Continue paying each creditor until the transfer appears as a credit. Balance Transfers incur finance charges from the transaction date. If you have a dispute with a creditor and pay that balance by transferring it to your new account, you may lose certain dispute rights. Balance Transfers may not be used to pay off or pay down any account issued by XYZ Card Services, N.A.

**Credit Card Match-Up:
Help Our Shoppers Choose the Right Credit Card**

1. Javier is looking for a new credit card that will allow him to transfer the \$4,000 balance from his current credit card. He plans to pay off that balance over two years. Which card do you think Javier should choose, and why?

2. Rita uses her credit card nearly every day—for groceries, gas, and just about all her other purchases—so that she can maximize her rewards. She pays off her balance every month. She doesn't travel much. Which card do you think Rita should choose, and why?

3. Jackson uses a credit card only when he has an emergency expense or a big-ticket purchase that he needs to finance over a number of months. Which card should Jackson choose, and why?

4. Lynette travels overseas frequently for work and for personal reasons. She usually revolves a small balance from month to month. Because she is away from home so often, she sometimes makes her credit card payment late. Which card do you think Lynette should choose, and why? What advice would you give her about her late payments?

5. Leslie and Lee would like to help their son establish credit, so they have agreed to be cosigners for him. They realize that, as cosigners, they are responsible for repaying the debt if their son defaults. Which card do you think Leslie and Lee should choose for their son, and why?
