

Choosing a Credit Card to Fit Your Needs

Credit card fees and disclosure statements can be confusing - average daily balance, annual percentage rate, balance transfers. Credit cards can work in your favor if you choose the right card for your needs. Here are four easy steps:

Decide on the type of card. There's no single credit that's best for every consumer. It depends on your current credit score and your spending needs. Secured cards are used to improve a limited credit history or low credit score. Rewards cards use a point system to give consumers prizes, airline miles, cash back, or some other benefit based on how much you spend. Rewards cards may be offered by specific stores. Rewards cards are usually best for consumers to plan to pay balances in full every month. For most consumers, the best bet is a regular credit card with a low interest rate. This card may be used for convenience and occasional purchases. Keeping balances low in comparison to credit limits can increase your credit score.

Limit the number of accounts you open and the number of cards you carry.

Applying for or opening several accounts at one time can lower your credit score. Having fewer cards makes it less likely that you will overspend. Also, fewer cards mean fewer chances for theft.

Understand the details. Be sure to read all of the details regarding interest rates.

These can include special rates for an introductory period or for balance transfers in addition to the regular, on-going interest rate. Rewards card customers should determine how awards points accumulate as well as when and where the rewards can be used. Become familiar with the terms and decide which features you want in your credit card.

Compare credit card offers. Check your credit report at www.annualcreditreport.com to see how much leverage you'll have in qualifying for the best credit offers. A good credit history will help you qualify for the lowest interest rates, a higher limit, and the best terms. If you're shopping for a regular card, you'll want to focus on a low interest rate and the credit limit you need. There are several websites that let consumers compare card offers. One good site is www.cardratings.com

Discover the latest personal finance recommendations at www.uaex.edu.

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