

# PROJECT: SELECTING A CREDIT CARD

There are many choices of credit cards available. In the previous lesson, you learned about factors that you should consider when comparing credit cards. These factors included APR, grace period, fees, and credit limit. In this project, you will analyze the terms listed in the Truth in Lending Disclosure Statement and decide which credit card you should, theoretically, sign up for.

## Credit Card #1

### Truth in Lending Disclosure Statement

Annual Percentage Rate (APR)	1 percent for the first six months after you open the account. After six months, APR will be 24 percent.
Grace Period	minimum of twenty-five days to repay without finance charges if previous balance is paid in full by the due date
Annual Fee	\$0
Other Fees	cash advance fee: greater of \$5 or 3 percent of the amount of cash advance; late payment fee: \$30; over-the-limit fee: \$30

## Credit Card #2

### Truth in Lending Disclosure Statement

Annual Percentage Rate (APR)	19.9 percent
Grace Period	minimum of twenty-five days to repay without a finance charge if previous balance is paid in full by the due date
Annual Fee	\$20
Other Fees	cash advance fee: greater of \$3 or 3 percent of the amount of cash advance; late payment fee: \$30; over-the-limit fee: \$20; returned check fee: \$20

## Credit Card #3

### Truth in Lending Disclosure Statement

Annual Percentage Rate (APR)	19.9 percent
Grace Period	minimum of twenty-five days to repay without finance charges if previous balance is paid in full by the due date
Annual Fee	annual membership fee: \$50 annual participation fee: \$60 (\$5 charged monthly)
Other Fees	cash advance fee: \$20; balance transfer fee: \$25; late payment fee: \$20. over-the-limit fee: \$20

**Read each of the above Truth in Lending Disclosure Statements and answer the questions that follow.**

1. What happens to the interest rate after six months for credit card #1?
2. Which credit cards have an annual fee?
3. Is the grace period the same for each of these credit cards?
4. What fees does credit card #3 have that the other cards do not?
5. Let's assume that you pay your credit card bill on time and you pay the balance each month. Which credit card is the best for you?
6. Let's assume that you have a balance from time to time. Which credit card is the best for you?

**Go online or visit a financial institution to find information about three credit cards. Some credit cards offer incentives, such as miles toward a free flight or 1 percent back on every dollar you spend. Research information about annual fees, APR, and incentives that credit cards offer. Helpful Link:**

**<https://www.nerdwallet.com/low-interest-credit-cards>**

**Fill out the attached work sheet with the information you find and answer the question.**

**Credit Card #1**

Annual Percentage Rate (APR)	
Grace Period	
Annual Fee	
Other Fees	

**Credit Card #2**

Annual Percentage Rate (APR)	
Grace Period	
Annual Fee	
Other Fees	

**Credit Card #3**

Annual Percentage Rate (APR)	
Grace Period	
Annual Fee	
Other Fees	

**Which credit card would be best for you and why?**