

5 Secrets Credit Card Companies Don't Want You To Know



Most Americans have credit card debt.



In fact, some studies say that about 7 in 10 Americans have at least one card. According to data released by the American Banking Association in April 2018, there were 364 million open credit card accounts at the end of 2017. That's just in the United States.

While the vast majority of us have credit cards, that doesn't mean we have a great relationship with them, or with the companies that issue them. Even if you try to do the right thing for your budget and financial health like paying your credit cards off each month to avoid interest and additional fees, there are some secrets that credit card companies don't want you to know.

Why? Quite simply because they're in the business of making money.

Sure, you know the important details about your card. You know the credit limit. You know the interest rate. You know when your bill is due. Let's look at some of the things you probably don't know.

1 Fixed rates aren't really fixed.

The company that issued your credit card can raise your annual percentage rate (APR) whenever they choose. This information isn't the biggest secret—it's usually contained in the fine print of your cardholder's agreement. Yet it's the one that could be causing you to pay a lot more to use your credit card than you ever realized. These companies typically tuck it into the fine print and hope that you miss it. Commonly, you'll be enticed to sign on with a fixed introductory interest rate that may change at the company's will. You have the right to be notified 15 days before a potential rate increase. Be sure to check your mail.

Plus, your APR can rise dramatically when you have a late payment or exceed your credit limit. When you spend over your limit or pay your bill late, especially with frequency, credit card companies have the right to give you a penalty APR that is much higher than your normal rate. Not every card does this, so when you're applying, look for a credit card that doesn't have penalty APRs.

Worst of all, any late payment on any debt, could trigger an increase in your credit card's APR—including your auto loan or mortgage. This is because credit card issuers have a universal default clause, which insures them against people who pose a potential credit risk.

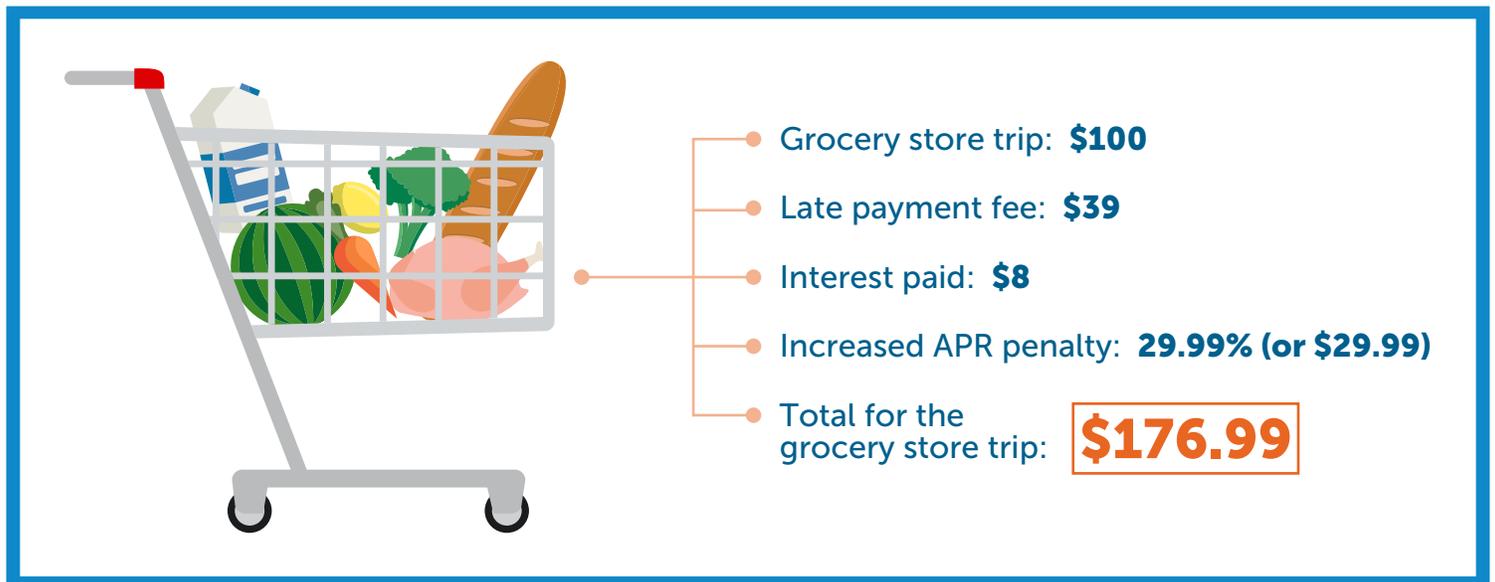


2 One late payment can equal two penalties.

Logically, if you have one late payment, then you should expect one penalty fee. With credit cards, however, you can be penalized with two surcharges on one delinquency. Odds are you won't even be aware of them until you've been charged. The two penalties can be:

1. A late fee of up to \$39.
2. A permanent rate increase that could see your APR jump to as much as 29.99%.

That increase in your APR could be a huge difference.



3 Twice the interest in one month.

Another one-two financial punch comes in the form of a legal maneuver which allows your card company to impose two months' interest for just one month of late balance payments. For example: You're charged twice the interest for a partial balance payment in October even though you paid on time in September. Called double-cycle billing, the card issuer looks at your average daily balance over two consecutive months and charges you higher interest based on the month you carried a higher balance. It's not even the interest that makes this a problem, but the principle of being punished for good financial behavior.

4 Grace periods are disgraceful.

Grace periods are supposed to allow you to make a large purchase, pay a portion of it then pay off the rest in a timely manner to avoid interest charges. For example, you charge \$1,000 to your card and pay \$250 by the due date to stay current with your bills. Most cards carry grace periods up to about 25 days, allowing you to pay off the remainder, interest-free. This is changing, and many credit card issuers are reducing the grace period to just 20 days. Some are even doing away with grace periods altogether. That means you'll get charged interest on every purchase, even with timely repayments. Be sure to check the fine print of your cardholder's agreement.

5 Minimum payments are never enough.

Your minimum payments are usually only enough to cover interest and keep you in debt while meeting your bill's due dates. This is because credit card issuers want you to stay in debt. The longer you stay in debt, the more interest they can charge, and the more money they make. In the past, card holders had a 5 percent minimum monthly payment. This became problematic for creditors because people were motivated to pay off their balances more quickly. So they lowered the monthly minimum to 2 percent. With smaller repayment requirements, you may be likely to spend more and accrue more debt each month. Experts maintain that this move by card companies adds thousands of dollars in interest, creating a repayment schedule that could last years, if not decades.

The 2009 CARD Act requires credit card statements to show how long it will take you to get out of debt if you only pay the minimum. The timelines are staggering.



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A smiling man and woman embracing outdoors in a vineyard. The man is in the foreground, wearing a blue and white checkered shirt, and the woman is behind him, wearing a light blue top. They are both smiling warmly. The background shows a vineyard with rows of grapevines and a white tent under a bright sky.

The secret to getting rid of your credit card debt

You don't have to spend decades trying to get out of credit card debt by yourself. You can get out of credit card debt in 24-36 months while paying a fraction of what you owe.

At CreditAssociates we know that you want to be confident in your financial future. You can have an affordable plan to get out of credit card debt—now! You don't have to live with the high monthly payments that never end and make you feel overwhelmed. We believe you shouldn't have to spend the rest of your life paying off credit card debt and we understand the frustration of dealing with it on your own. That's why we've settled over 280,000 accounts for people all across the country just like you.

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2. **Start saving.**
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You can take control of your financial journey and begin to live better, debt-free.

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