

For Immediate Release

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To Get a Credit Card or Not to Get a Credit Card, That Is the Question for Many College Students

WASHINGTON, August 24, 2010 . . . Getting a credit card may be the farthest thing from students' minds as they head off to college while being foremost on their parents' minds. Once students hit campus, they will need to buy books and many will receive credit card offers. When weighing these offers, students should be aware of new regulations governing credit cards as well as the advantages of and responsibilities associated with using one.

"New regulations that went into effect this past weekend reduced many of the fees that credit card companies can charge their customers," said Susie Irvine, American Financial Services Association Education Foundation (AFSAEF) President & CEO. "But card users still need to understand the importance of paying their bills on time."

Highlights of the new credit card regulations include:

- Late fees can't be more than the minimum payment or \$25, but if you had another late payment in the past six months, the fee may go up to \$35. If the credit card company can demonstrate, however, that the costs it incurred as a result of your late payments justified a higher fee, they can assess a higher penalty.
- Customers can't be charged inactivity fees for not using their cards.
- Multiple penalty fees can't be assessed for the same transaction.

Other changes to credit cards in the past year prevent anyone under 21 from getting a credit card unless they prove an ability to repay or have an parent or guardian co-sign for them and require credit card issuers to explain any increase in a card's Annual Percentage Rate (APR).

When deciding whether to apply for a credit card, Irvine advises students and their parents to consider the advantages and responsibilities involved. Specifically, a credit card:

- **Requires discipline** – Responsible credit card use means only charging what you can afford to repay and paying your bills on time. Missing payments or making them late will negatively impact your credit score.
- **Makes it possible to handle unexpected expenses** – A credit card can be helpful if you have an emergency, such as needing new tires for your car, that requires extra money.
- **Offers convenience** – You can make purchases now and pay for them later, and you don't need to carry around a lot of cash. If you go to school far away from home, you may want a credit card to make it easier to book plane, train or bus tickets home.
- **May offer rewards or benefits** – With some credit cards, you can earn cash, miles on airlines, or other rewards based on how much you spend using the card. You may also be eligible for certain types of insurance or extended warranties.
- **Allows manageable payments for major purchases, such as a new laptop** – You can pay in small amounts each month rather than one large sum of money. Keep in mind, however, that you will pay interest each month on what you still owe.

For a more detailed information on credit cards and a worksheet for comparing offers, check out the AFSAEF's free brochure, *Understanding Credit Cards* [online](#).

The AFSA Education Foundation's (www.afsaef.org) mission is to help consumers realize the benefits of responsible money management, understand the credit process and seek help if credit problems occur. It is affiliated with the American Financial Services Association, the national trade association for the consumer credit industry, protecting access to credit and consumer choice.