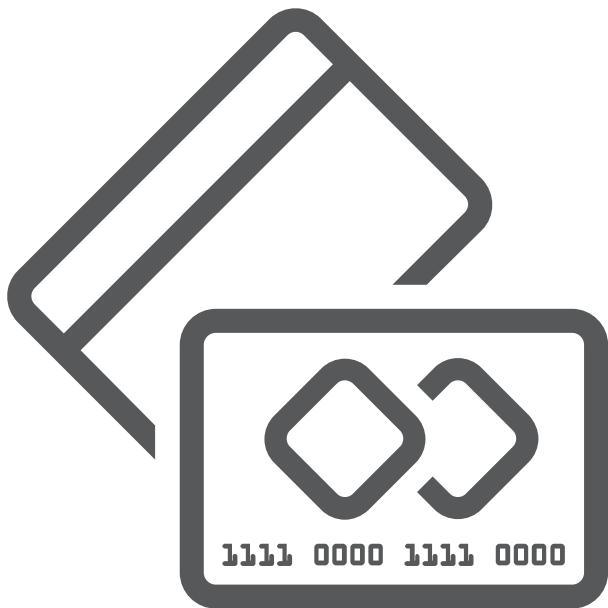


#ASDNext

Understanding Credit Cards

A credit card is a way to pay for things by borrowing money from a credit card company. It's a way to buy something now, but pay for it later.



How do credit cards work?

- When you use a credit card, you borrow money from a credit card company, like a loan. Every month you have to pay at least some of the money you borrowed back to the credit card company.
- If you pay only part, you will be charged a fee, and you will continue to be charged a fee until you pay all the money back.
- If you pay all of the money back at the end of the month you borrowed it, you will not be charged fees.

How much is the fee for not paying the money back?

The fee you get charged for not paying the money back each month in full, is called an interest rate. Interest rates are different for different credit cards and can be based on how well you do at making payments on time and using credit the right way.

How much money can I borrow?

A credit card company will set a limit on how much money you are allowed to borrow. It decides this by looking at how much money you make and how much money you owe for different things. If you borrow more than they allow, you will get charged extra fees.

Are there any other fees involved when using a credit card?

You will be charged extra for not paying back all your money at the end of each billing cycle, for going over your credit limit, or for making payments too late.

Why should I use a credit card?

Using a credit card can be risky, especially if you can't pay back the money you borrow. However, if used appropriately, it can help build your credit score. Your credit score is a number that tells a bank, loan provider, or credit card company how good you are with your money and how well you do at paying money back. If your credit score is good, banks and loan providers are more likely to let you borrow money.

This information sheet was developed by ASERT for #ASDNext.

For more information, please contact ASERT at 877-231-4244 or info@asdnext.org.

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