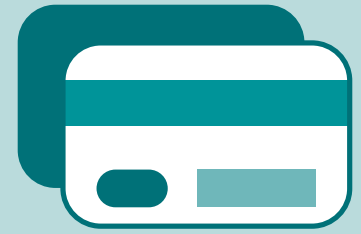


Getting a Credit Card

When you use a credit card, you're borrowing money. You pay less to borrow the money when you pay your whole bill each month.



How do credit cards work?

When you use a credit card, you're borrowing money to buy something now. Later, you pay back the money, usually with interest.

You get a bill once a month for everything you buy with the credit card.

How do I get a credit card?

Banks and credit unions offer credit cards. You'll need to apply if you want a credit card.

When you apply, they check your credit history to decide:

- ▶ if you'll get a credit card
- ▶ how much you'll pay in interest and fees

Read **Your Credit History Explained** at consumer.gov/credit to learn more about your credit history.

How do I compare credit cards?

Compare at least three cards to get the best deal. Look for:

- ▶ a low or no annual fee. This is what you pay to use the card for a year.
- ▶ a low APR, or annual percentage rate. This is how much interest you pay every year.
- ▶ lower fees for things like paying late or going over your credit limit



What if I can't get a credit card?

You might be able to get a secured credit card. That means you deposit money with the bank or credit union. Then you spend that money by using the secured credit card.

Secured credit cards can help you build or improve your credit history. Just make sure you pick one that sends your information to the three credit bureaus.

Read **Improving Your Credit** at consumer.gov/credit to learn more.

Should I pay my whole credit card bill every month?

If you pay your whole bill every month, you probably won't pay interest.

You might pay only the minimum amount due, also called the minimum payment. That means you'll have to pay interest on the amount you didn't pay back.

If you don't pay the minimum amount due:

- ▶ your interest rate might go up
- ▶ you might have to pay fees
- ▶ your credit will cost you a lot of money
- ▶ it could damage your credit

