Know what consumer credit protection laws require or allow. Go to http://federalreserve.gov/creditcard/regs.html to review the specifics for each.

Watch out for fraud. If you feel a lender has been fraudulent, you can contact your state attorney general, the Consumer Protection Financial Bureau at www.consumerfinance.gov, or the Federal Trade Commission at www.ftc.gov. These organizations help protect consumers against unfair or deceitful business practices.

Be smart about credit—consumer credit education will help you make informed decisions before you borrow.

**Common types of consumer credit**

**CREDIT CARDS**

These cards allow you to charge purchases up to a maximum credit limit. For those under 21, steady employment or a co-signer is generally needed to get a credit card. Your credit rating may affect the interest rate you pay. Look for credit cards with a grace period of 25–30 days with low fees and interest rates.

**STUDENT LOANS**

Federal student loans, available from the government, offer low-interest loans to qualified students who have completed the financial aid application process. Private student loans, offered by banks and credit unions, have varying terms and conditions and may also require a co-signer for those without a credit history. Federal student loans, for the vast majority of students, are generally a better option. Consult with your financial aid office for more information.

**CAR LOANS**

Car loan interest rates vary based on your credit rating and the age of the vehicle. Terms and conditions for those with poor or no credit may be more expensive. Consider the full cost of car ownership, including insurance, gas and maintenance, before borrowing to purchase a vehicle.

**Risks to consider in not understanding consumer credit**

Vulnerable to credit fraud and deception

Unknowingly paying higher interest rates and fees

**Ways to protect your credit**

**LOOK**

Take a look at your credit agreements and make sure you fully understand the terms and conditions. It’s your responsibility to ask questions and understand your obligations.

**KNOW**

Know what consumer credit protection laws require or allow. Go to http://federalreserve.gov/creditcard/regs.html to review the specifics for each.

**WATCH OUT**

Watch out for fraud. If you feel a lender has been fraudulent, you can contact your state attorney general, the Consumer Protection Financial Bureau at www.consumerfinance.gov, or the Federal Trade Commission at www.ftc.gov. These organizations help protect consumers against unfair or deceitful business practices.

**Reading your credit card bill** (Numbers correspond with charts on back)

1. **SUMMARY OF ACCOUNT ACTIVITY**

A summary of the transactions on your account—their payments, credits, purchases, balance transfers, cash advances, amounts past due, fees and interest charges. It will also show your new balance, available credit (your credit limit minus the amount you owe), and the last day of the billing period (payments or charges after this day will show up on your next bill).

2. **PAYMENT INFORMATION**

Your total new balance, the minimum payment amount (the least amount you should pay), and the date your payment is due. What is an on time payment? Check with your credit card company to determine their policy and processing rules.

3. **LATE PAYMENT WARNING**

This section states any additional fees and the higher interest rate that may be charged if your payment is late.
MINIMUM PAYMENT WARNING
An estimate of how long it can take to pay off your credit card balance if you make only the minimum payment each month, and an estimate of how much you likely will pay, including interest, in order to pay off your bill in three years (assuming you have no additional charges).

NOTICE OF CHANGES TO YOUR INTEREST RATES
If you trigger the penalty rate (for example, by going over your credit limit or paying your bill late), your credit card company may notify you that your rates will be increasing. The credit card company must tell you before the rates change.

OTHER CHANGES TO YOUR ACCOUNT TERMS
If your credit card company is going to raise interest rates or fees or make other significant changes to your account, it must notify you before the changes take effect.

TRANSACTIONS
A list of all the transactions that have occurred since your last statement. Review this list to ensure you recognize each transaction. Check this area for unauthorized transactions.

FEES AND INTEREST CHARGES
Credit card companies must list the fees and interest charges separately on your monthly bill. Interest charges must be listed by type of transaction (for example, you may be charged a different interest rate for purchases than for cash advances).

YEAR-TO-DATE TOTALS
The total that you have paid in fees and interest charges for the current year. You can avoid some fees, such as over-the-limit fees, by managing how much you charge, and by paying on time to avoid late payment fees.

INTEREST CHARGE CALCULATION
A summary of the interest rates on the different types of transactions, account balances, the amount of each, and the interest charged for each type of transaction.

Source: federalreserve.gov

ABOUT ECMC
Educational Credit Management Corporation (ECMC) is a nonprofit company providing services in support of higher education finance. We work to support college access and success, and we provide students with tools and resources for planning and paying for college. The Financial Awareness Basics (FAB) Series is designed to help you make informed decisions about your financial future.