

30 DAYS TO REALITY

Doris Myers *

What is a credit card?

You probably use credit whether you realize it or not. When you pay your gas or electric bill once a month, you actually are using credit.

A credit card makes it easy to pay later for many of the things you buy. The card is sometimes made of heavy plastic probably with your name stamped or embossed into it. When you present this to clerks, you can charge almost anything from gasoline to vitamin pills. Some credit cards even allow you to charge cash loans.

With some credit cards, keeping or using them means you have accepted the terms.

Recent legislation makes these provisions:

You do not have to pay more than \$50 in case your credit card is lost or stolen and someone uses it, even if you did not notify the card company.

You do not have to pay, in any case, when you phone or write the card company.

Notice by mail is effective on the date of the postmark on a card or letter.

You do not have to pay the charges made with a credit card that you did not ask for.

Your credit card must have your name in writing or a picture of you on the card issued after January 1971.

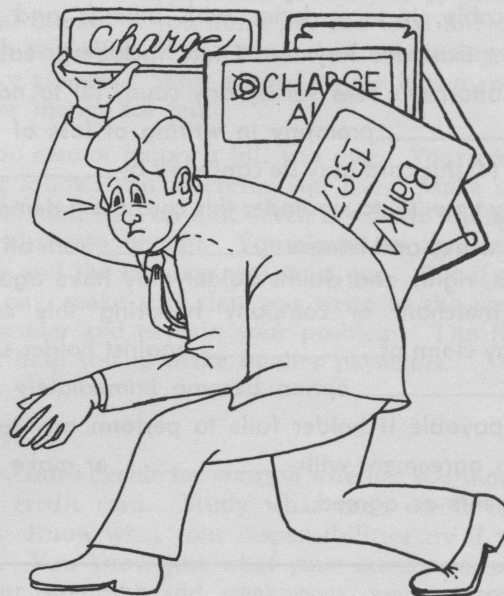
After January 1972, all credit cards must have personal identifying evidence, such as your handwritten name, picture or thumbprint on them.

You have the right to see the information about you in the files of a credit reporting agency.

If you have been refused a job, credit or insurance because of a bad credit report, you are entitled to the name and address of the agency that gave this information.

If you dispute the information, the agency must re-investigate your credit rating. If a bad credit report cannot be proved true, the agency must remove it from your file.

*Extension specialists in home management, Texas A&M University.



You have the right to sue for damages resulting from negligence on the part of the credit reporting agency.

Before you ever use any credit card, study carefully the terms of the agreement. If you do not understand them fully, *get an answer before you use the card.*

You may feel that you can pay a certain amount each month. However, a careful look at the agreement will show that some bills are due when you get them. If you pay a certain amount each month and not the total bill, a finance charge will be added to the next bill.

When the finance charge is $1\frac{1}{2}$ percent a month, this is really 18 percent a year. On an account charged up to \$500 and kept at the amount for a year, these extra charges could reach \$90. If you make payments and do not buy additional credit, your credit plan may cost you as much as \$56.02 extra in one year. What other things could you buy with this money?

Remember: the entire debt may be due without notice if you miss one payment.

PORTION OF AN ACTUAL CREDIT CARD AGREEMENT

Holder agrees: (1) to assume responsibility for credit extended by _____ on the basis of this card; (2) to pay, at _____, obligations evidencing such credit, and service charges where applicable, in accordance with billings and the current Extended Payment Chart, including reasonable attorney's fees set by any court; (3) to notify _____ promptly in writing of loss of this card; (4) this card may be cancelled by _____ at any time; (5) to surrender this card upon demand; (6) to waive and release _____ from all defenses, rights and claims holder may have against any merchant or company honoring this card; (7) any claim of _____ against holder shall at _____ option become immediately due and payable if holder fails to perform any terms of his agreement with _____ or make any payments as agreed.

Take any complaints about the items you have charged to the store or point of purchase. Stores usually do not give your money back, but they may credit your account with the amount of the returned articles. If you did not use a store credit card, you still owe the credit card company the amount of the returned article.

The credit card sender may change the terms of the agreement *at any time*. While you hold a credit card, you are obligated to pay all charges made to your account.

If You Are a Card Holder

Destroy all expired or cancelled cards.

See that the clerk returns your card after each use. Ask for your card after each purchase if it is not given back.

Never lend your credit card—you must pay for its use and you are responsible if it is lost.

Keep the numbers of your credit cards in a safe place—not just in your wallet. Record the telephone numbers to call and addresses to write in



case a card is lost or stolen. A safe place for such a list may be a file for important papers or in a safe-deposit box.

If your card is lost or stolen, notify the sender of the credit card at once by phone, telegram or letter.

Disadvantages of Credit Cards

1. When a store owner lets you buy on credit, his cost goes up. Because of this, prices to you may go up.

2. The customer agreement usually states that you must take any of your complaints to the store owner or clerk. If an all-purpose credit card is used, the store owner receives his money from the lending agency. You may not receive help from the store. If you used a store credit card an adjustment may be easier to obtain.

3. Your credit card used to spread payments over a period of time may cause you to pay as much as *18 percent annually for the use of the money which you have borrowed from the credit card sender*.

4. One of the greatest dangers of using credit cards is that your monthly bill can become large without your realizing it. This happens especially with all-purpose cards because they can be used to charge so many items and expenses.

5. It may tempt you to buy more than you can afford. The so-called "easy terms" may lead you into buying more things, or more expensive ones, than your pocketbook can stand.

6. You may lose what you bought plus the money you have already paid if you cannot meet the next payments.

7. Often the contract is difficult to understand.



OUT

... USE CREDIT WISELY

The credit card reader may change the terms of the agreement of your card. While you hold a credit card, all payments made to your account.

If You Are a Card Holder

- Destroy all expired or cancelled cards.
- See that the clerk enters your card correctly.
- Ask for your card after each purchase if it is not given back.
- Never lend your credit card to anyone else.
- Keep the numbers of your credit cards in a safe.

Adapted with permission from the Connecticut Cooperative Extension Service, Storrs, Connecticut.