

Know how new credit card rules might affect you

I know there are new rules for credit cards, but I'm not sure of the details. Is there anything in particular I should pay attention to?

The new rules, most of which took effect in February, are the result of the Credit Card Accountability Responsibility and Disclosure Act of 2009. While the rules are meant to protect consumers, you still should be on the lookout for changes in rates or fees that might result.

You can get details on the Federal Reserve Board Web site. Just go to <http://www.federalreserve.gov/>, click on "Consumer Information," and then on "Consumer's Guide: Credit Cards." Besides basic information about credit, the site features "What You Need to Know: New Credit Card Rules."

One of the biggest changes is that, in most cases, your credit card company has to give you 45 days notice if your interest rate will increase or if it makes changes in annual fees, late fees or other charges. If you get such a notice (and it's up to you to actually read the correspondence), you can close the account before the rate hikes take effect.

However, there are some catches. If the interest rate on your card is variable and tied to an index, then you won't get a notice before your rate increases: If the index goes up, then so will your rate. Or, if you're paying a special introductory rate, after six months, that rate can automatically increase to the rate you agreed to when you signed up for the card. Neither of these scenarios should be surprises, though.

You should also pay attention to your credit card limit. Many companies have recently



reduced card-holders' limits; if you go over your limit, you'll likely have to pay a fee.

In addition, if you have a credit card that never before charged an annual fee, keep your eyes open. Many credit card companies said they might start charging an annual fee to offset losses they experience because of the new rules. Again, if they do this, they have to give you 45 days notice — but it's up to you to read those notices and determine if it's worthwhile to keep that account open.

Other new rules that you might be interested in include:

- If your interest rate does increase, it will apply only to new purchases, not items you have already put on the card.
- When you send in a payment, the company must use it to pay off charges with the highest interest rate first — unless you direct it otherwise. For example, if you purchased an item at 0 percent interest as long as the item was for paid for in total within a certain time period, you can direct your payment toward that purchase instead.
- The company must send your bill at least 21 days before it is due, and your due date must be consistent (the 15th of the month, for example). When the due date occurs on a holiday or other days when the company doesn't process payments, you have until the next business day at 5 p.m. to make the payment without a late fee.

Family Fundamentals is a monthly column on family issues. It is a service of Ohio State University Extension and the Ohio Agricultural Research and Development Center. Send questions to Family Fundamentals, c/o Martha Filipic, 2021 Coffey Road, Columbus, OH 43210-1044, or filipic.3@cfaes.osu.edu.



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**For the month of
March 2010**

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Dear Subscriber: This column was reviewed by Cora French-Robinson, educator in Family and Consumer Sciences for Ohio State University Extension.

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