

# How to Choose a Credit Card

Comparing offers before applying for a credit card will help you find the right card for your needs, and ensure that you're not paying higher fees or interest rates than you have to. Follow these four steps to find a credit card that will meet your needs.

## 1. Decide How You Plan to Use the Card

If you consistently pay off your balance every month, then you may want to focus more on fees and rewards. Always compare the value of rewards you expect to receive (and use) each year with the annual fee, if any, you might pay. If the rewards aspect of the card is the most important criteria to you, make sure you will actually be able to take advantage of the rewards! If you expect to carry a balance on a card, then shop for the lowest interest-rate card you can find; keep fees in mind as well.

## 2. Know What to Compare

**APR (Annual Percentage Rate).** The APR is the interest rate a credit card charges. As you compare offers, research the APR, as some cards will list several rates or a range of rates, and you may not know the rate you'll get until after you're approved. If you plan to pay off the balance each month, the APR is a less significant concern.

**APR for balance transfers.** If you will be transferring your balance from one card to another, compare the interest rate you are paying now with the rate you'll pay over the life of the new card – not just the introductory rate.

**Penalty APR.** Check for a penalty APR. The offer must tell you what the penalty rate is, what triggers it, and how long it would last.

**Fees.** Compare the fees listed for each card. Common fees include a cash advance fee, a late-payment fee, and for some cards, an annual fee.

## 3. Shop Around and Ask for a Better Deal

Start your search for a new card at your bank or credit union. Your existing relationship may qualify you for a better offer. If you have an existing card that has higher fees or interest rates, ask if the provider can lower them. Then compare the offers from your research with others you've received in the mail or have seen online.

SEE OTHER SIDE 

#### **4. Transfer Existing Card Balances With Care.**

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offer. If you have an existing card that has higher fees or interest rates, ask if the provider can lower them. Then compare the offers from your research with others you've received in the mail or have seen online.

For more information, visit [https://files.consumerfinance.gov/f/documents/cfpb\\_adult-fin-ed\\_how-to-find-the-best-credit-card.pdf](https://files.consumerfinance.gov/f/documents/cfpb_adult-fin-ed_how-to-find-the-best-credit-card.pdf)

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