

Credit Card Terms

Annual Percentage Rate (APR): is the annual interest rate that the card issuer charges on the unpaid balance of the credit card.

Grace Period: is the length of time you have to pay your bill before interest is charged on the purchases. Most companies offer 20 - 25 day grace periods.

Annual Fee: is a charge you pay once a year for the right to use a credit card.

Minimum Finance Charge: is the least you'll have to pay if you have a balance on a credit card.

Method of Calculating Finance Charges: is the way the issuer computes the monthly finance charge. Most companies use the average daily balance method to figure finance charges. Beware of a "two-cycle" average daily balance method.

Transaction Fees: are fees you have to pay for cash advances, late payments or charging over your credit limit.

Periodic Rate: is the APR divided by 12.