

how to choose a credit card that fits your needs

From Numerica's Financial Freedom Center for Wise Women

TO SAY THAT IT'S DIFFICULT TO BE AN ADULT and not own a credit card is an understatement. Forget buying an airline ticket or renting a car, and shopping online would forever be a digital dream. But before jumping on the debt management bandwagon that promises -- or threatens -- to forever influence your lifestyle, check out which type of card will best suit your needs today.

Secured Cards

At the low end of the credit scale are secured credit cards. The best part of a secured card is they look like every other MasterCard and Visa, only with one distinct difference. It's secured by money you have on account with the issuing financial institution, either in a

savings account, money market fund, or certificate of deposit (CD).

You may apply for a secured card by opening an account with a deposit anywhere from \$500 to \$5,000. Your credit limit will be your deposit amount, and if you fall behind on your payments, the card issuer can take payments from your account.

Advantages of a Secured Card

- You're restricted from spending more than you have on deposit.
- Your financial institution may pay interest on the money you have on deposit.

Disadvantages of a Secured Card

- Some financial institutions charge exorbitantly high application and annual fees.

- Some financial institutions pay no interest on the account deposit securing the card.
- Not all financial institutions make reports to credit bureaus regarding secured cardholders, so find one that does.
- Some cards actually have the humiliating word "secured" on the front of the card; there are plenty that don't, so inquire first.

Retail Cards

Retail cards are those you can apply for from a retail store or gas station, such as Sears, Nordstrom, Pier I Imports, Target, Texaco or Shell. As far as qualifying criteria goes, it's not nearly as stringent as major credit cards, and they seldom charge an annual fee.

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Advantages

- Easy to qualify
- Good stepping stone to building credit history
- Revolving credit -- pay a little every month if you carry a balance
- Low credit limits so you don't overspend

Major Credit Cards

If a million credit card offers pour into your mailbox everyday, don't just take the most attractive offer -- shop around. See what your local financial institutions are offering in terms of interest rates and other perks. The point is, be pro-active in your search, as you would if you were shopping for a coat or a sofa. Avoid taking the first one that catches your eye.

- Shop for a credit card and banking package together.
- Comparison shop for the best interest

rates via the Internet.

- Most cards offer some form of value-added discounts, so shop for the deal that you'll use the most.
- Premium cards -- such as Gold or Platinum cards -- generally offer higher credit limits and various "member" privileges, such as free traveler's checks. Most charge an annual fee of \$50 or more; so make sure the perks are worth the price.
- Be smart. If you're carrying a balance and pay 18% interest on a rebate card that earns you a 1% cash-back bonus -- you'd be so much better off with a 12% card that pays nothing back.

Numerica Credit Union offers expert advice for women at every stage of their life.

Visit the Financial Freedom Center for Wise Women at numericacu.com to find answers to more of your financial questions or call (800) 433-1837 to speak to a member service representative.

