**Exercise Caution When Considering a New Credit Card**

You probably get weekly credit card offers online, in the mail or at the checkout of major retailers. Careless acceptance of a credit card can destroy you financially. Knowing a few critical facts before accepting a credit card can save your financial life!

1. **Closely examine “Introductory Interest Rates”** These rates are temporary **and may increase drastically in a short period of time**, locking you into exorbitant payments that you can bury you financially. Before accepting any credit card, make sure you fully understand the potential interest rates both during and after the introductory period.
2. **Know all interest rates that may apply to your account.** Your credit card company will charge a higher interest rate for cash advances and may increase your interest rate if you are past due on payments or over your credit limit. These increased interest rates are in addition to fees that may also be charged for these activities.
3. **Know when your payments are due and the penalty for late payment.** Make sure you understand the due date for your payments and the penalties and interest imposed for late payments. They may be large, cumulative and disastrous for you.
4. **Know your payment options.** You may be able to pay online, by phone or by mail. Some options may carry fees, while others do not. Understand the options and only use the ones that do not impose a separate fee
5. **Know your credit limit and stay below it at all times.** Your credit limit is the maximum debt you are authorized to carry on your credit card account. Most credit card companies will let you exceed your credit limit, but many impose substantial fees for doing so. These fees can accumulate quickly and can result in fee debt larger than your actual credit debt. Additionally, exceeding your limit may be reported to credit agencies and substantially damage your credit score.
6. **Know ALL of the fees that can be imposed on your account.** In addition to late fees and over limit fees, your credit card company may also be able to charge fees for balance transfers, use of ATMs and other actions. Know all of the potential fees and avoid them, especially any annual fee charged merely for holding the credit card.
7. **Understand the fine print in your cardholder agreement.** Credit card companies know that virtually no cardholder reads the actual cardholder agreement, which is often lengthy and printed in nearly unreadable small print. When you accept the credit card, you are bound by the cardholder agreement. For the sake of your financial health, take the time to read the cardholder agreement and understand all the obligations and penalties you are subject to BEFORE you accept the credit card. Your financial life may depend on it.

If you require assistance reviewing a credit card agreement or offer, call your LegalShield provider law firm today. If you are not a member, contact your human resources department to find out more about the benefits of a LegalShield membership.

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