

Credit Cards: How to Protect them?

6-4

Goals:

- how consumers are protected
- ways to protect credit cards
- credit account interest, payments, and balances
- increase in monthly interest caused by new purchases

Consumer Rights

- Fair Credit Reporting Act-

- Forbids credit agencies from giving out **incorrect credit information** about consumers
- If a person is denied credit because of an incorrect credit report they have a right to know the **source of the report**.
- Then the incorrect info and any info that can not be proved is **removed from their record**
- Consumers can **examine info** in their credit files
- They can **add short statements** to their files to tell their side of the story

Fair Credit Billing Act

- Ratings can be preserved while disputes are settled
- **Creditor** cannot report consumer as delinquent while the bill is under dispute

Equal Credit Opportunity Act

- Prevents discrimination on the basis of sex, marital status, race, color, religion, age, or national origin (if the person is old enough)
 - Creditor cannot:
 - Deny credit because an applicant receives any income from a public program
 - Ask questions concerning birth control practices, plans for children.
 - Ask questions about applicant's marital status
 - (unless... a spouse plans to use loan, plans to repay loan, or will be liable for the loan)
 - Refuse to consider part-time income of a working spouse, alimony, child support, or SS payments
 - Cancel a divorced or widowed persons credit

- Does this act guarantee all consumers credit?
 - NO, you must still pass the creditor's tests.
 - Financial ability
 - Willingness to pay

How to Protect your Credit Cards

- If your card is stolen the max amount you will have to pay per card is \$50

How to Protect your Credit Cards

- Take the following precautions
 - Destroy any cards that you do no use
 - Cut in half and then cancel card
 - Make a list of all credit cards you have with numbers and the name and contact info of each issuer
 - Keep the list at home
 - GET YOUR CREDIT CARD BACK EACH TIME YOU USE IT
 - Do not leave you card in the glove compartment
 - Do not underestimate the value of a credit card

SKILL 1

- What is another factor that influences your balance other than monthly payment and monthly rate of interest?
- Additional purchases that you make before paying for earlier ones.



AUSTIN DAYE FORWARD, #5 DETROIT PISTONS

- Bobcats 97 at Pistons 87, FINAL ·
- Feb 4 · Nets at Pistons · 7:30 PM ET
- Feb 5 · Pistons at Bucks · 8:30 PM ET

• Season: FG% .403 ·

• PTS 6.9 · REB 3.4 · AST 0.8 STL 0.4 · BLK 0.3

Skill 1



- What will you owe at the end of 3 months if the following are true?
 - Month 1 Austin Daye makes no purchases and his balance is \$2450.00.
 - The monthly interest rate is 1.3%
 - He makes payments of 20% of the amount owed, rounded to the nearest dollar.
 - Other purchases are as follows:
 - \$5.36 in month 2 (foam finger)
 - \$15.24 in month 3 (pizza)



Skill 2

- In month 1 Austin had to make his \$50 annual fee. He was also late making his month 2 payment. He received a late penalty fee of \$35 on his month 3 statement.
- How do these charges affect his month 3 balance and the interest he pays for the year?



Assignment

- Pp. 277-279
- EYS 1-16
- MR 3-4