

STOCKTON CENTER FOR
ECONOMIC & FINANCIAL LITERACY
THE RICHARD STOCKTON COLLEGE OF NEW JERSEY



Stockton Peer Financial Education Program
Picking Your First Credit Card



Picking your first credit card is actually very simple when you know what to look for and how to look. We are here to aid and assist in any way we can, helping to make a smart and pain-free choice.

Here are the things you should keep in mind when shopping for a card:

- Be a comparative shopper
- Use and live by the Rule of 3
- Be aware of the difficulty as a college student to obtain a high valued card such as American Express or MasterCard
- Get to know the rates and bonuses with each card, such as frequent flyer miles and reward points

If you have all those things in mind when buying a card then you're all set....

Not sure what some of those terms mean above? Don't sweat it! Here's a list of terms that you can look for and will be important when applying for your first credit card.

- Comparative Shopper - Being a savvy shopper and comparing before you buy
- Rule of Three - Always compare 3 of any item when shopping. Example: 3 cars, cards, shoes
- APR - Annual Percentage Rate: the annual rate of interest; the total interest to be paid in a year divided by the balance due
- Rewards - Rewards credit cards let you earn cash back, free travel, or other perks when you use your card. Choose rewards you'll actually use and watch out for cards with high annual fees or interest rates.
- Fees - Charges for use and ownership of your credit card
- Debt - Something that is owed or that one is bound to pay to or perform for another, like a debt of \$500
- Features - A credit cards features like fees, rewards, and benefits
- Annual Fee - Yearly fee for owning a credit card
- Credit Limit - Credit limit also refers to the maximum amount a credit card company will allow someone to borrow on a single card
- Insurance included - If insurance is included, it will replace a lost or stolen card
- Frequent Flyer Miles - Reward that lets your rack up miles for trips and vacations
- Rebates on Purchases - Money earned or points earned on your credit card after a charge

This list may seem long and like there are a lot of terms to learn. But when you research your cards (using Google, Yahoo, CardRatings.com, etc.), all of these terms will show up at one point or another and you'll have to know what they mean. So we took the liberty of making it easy and listed the most important and prevalent ones above.

Still Confused?

If not then good, you're ready to go and get your first credit card, but if you are here's a little something that you can use to help in the comparing process.

CREDIT CARD ALTERNATIVES TABLE

CREDIT CARD FEATURE	CARD 1	CARD 2	CARD 3	notes
Annual fee				
APR% on purchases				
APR% on cash advances				
Credit limit				
Grace period				
Frequent flyer miles				
Insurance included				
ATM fees				
Rebate in purchases				
Other features				

Using this table will be a major help.

Use the Credit Card Alternatives Table to compare 3 credit cards that you feel are the best. You will be able to *visualize* the differences in credit cards when they are all compared side by side. To maximize the potential of this table:

- Select 3 credit cards
- Be familiar with the terms (defined above)
- While researching, write down in the table all numbers and rates to the best of your ability
- Compare visually and determine which card is best based on the information learned.

Suggested Further Resources:

Federal Trade Commission (FTC). Online Shopping and E-Payments information is located at
<http://www.ftc.gov/bcp/menus/consumer/credit/loans.shtm>

Federal Trade Commission (FTC). Defer, Detect, Defend: Avoid ID Theft. Available at
<http://www.consumer-action.org/>

New Jersey Department of Banking and Insurance, Office of Consumer Finance. Available at
http://www.state.nj.us/dobi/division_banking/ocf/index.htm

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