

### **If your Credit Card is Lost or Stolen:**

You must notify your credit card company as soon as you know your card has been lost, stolen, or used without your permission. If you do, you will be responsible for only the first \$50 of unauthorized charges. Sometimes thieves don't need the actual credit card – they can use your money simply by stealing your credit card number. Always know where your card is and keep all of your receipts.<sup>79</sup>

**Note:** Debit cards do not offer the same protection as credit cards, though some credit card companies offer debit cards with similar protection. With debit cards, the money is immediately taken out of your account. If you do not report a false charge or charges within 60 days of receiving your bank statement, you could be held responsible for the false charges. Be sure you understand the details when you sign up for a debit card.

### **Interest Rates**

There are two basic types of interest: the interest you pay (mortgage, loans, debts) and the interest you earn (retirement, investment, and savings accounts). Because using credit is a form of borrowing money (like a loan), you will be required to pay interest whenever you do not pay your credit card bill in-full.

Credit card interest rates can vary widely, usually from as low as 0% (introductory rate) to as high as 36%. Your credit history, banking history, income, and your credit score are all used by a bank or credit union to calculate your likelihood of making good on payments. Generally, the lower the perceived risk to the bank, the lower your interest rate will be. Interest rates on loans are calculated the same way.<sup>80</sup>

The best practice for avoiding paying credit card interest, which can add up significantly over time, is to pay your credit card bill in-full. If that is not possible, try to pay as much over your credit card minimum payment as you can. Even just \$10 more each month can reduce your credit card interest and enable you to pay off the balance faster.

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<sup>79</sup> Original material from Peerlink National Technical Assistance Center.

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