

## Transcript Season 1: Episode 18 - Shopping for a Credit Card

**Mary Ann Kizer:** You choose how you earn the most cash back! When you read that on the latest Credit Card Offer that came in the mail, what did you think? Free money? How am I going to decide on categories for cash back?

### Podcast Opener:

Adulting – Thinking of all the things adults have to do can be intimidating. Maybe you are realizing just how much you don't know about living on your own.

If this sounds familiar, join us today to learn the skills you need and take some of the stress out of being an adult.

This is Grown Up U, an adulting podcast to help you navigate the twists and turns of adult life. Listen and get life skills you didn't learn in school.

### Podcast Script:

**Mary Ann Kizer:** Hello, I'm Mary Ann Kizer, the Jefferson County Family & Consumer Sciences Agent and today with me I have a guest...

**Kurt Beaty:** Kurt Beaty, Jefferson County Agriculture Agent. With credit card offers arriving in the mail every week, how do you decide which credit card to apply for and use?

**Mary Ann:** The answer: Shop Online! According to Consumer Reports, "Shop online if you are looking for a credit card or a mortgage because the market for these products is national. You don't want to limit your options by confining your search to, say, the bank where you have a checking account."

**Kurt:** "Credit card fees and disclosure statements can be confusing with average daily balances, annual percentage rates, and balance transfers", according to Dr. Laura Hendrix who writes the UAEX Money Blog.

**Mary Ann:** Dr. Hendrix said that her "main caution about cash back or rewards is that consumers need to be self-controlled about paying off balances. Interest charged on purchases is usually more than the amount earned for cash back or rewards. So, if you know you have a tendency to carry a big balance, you are usually better off with a card with the lowest interest rate. Some consumers are great at playing the game and charge everything to a rewards card that they pay off every month. That's really the only way to win the rewards/cash back game."

**Kurt:** Credit cards are a form of "revolving debt", meaning the amount you owe rises with every purchase. When you make a full payment before the due date, you don't have to pay interest. But if you don't pay in full, the interest charges will be added to the amount you owe. With

some credit cards, interest rates are 24% so the balance grows quickly if only minimum payments are made.

**Mary Ann:** Information from Dr. Hendrix' UAEX Money Blog includes several steps to find the right credit card for your needs.

1. Decide on the type of card. There's no single credit card that's best for every consumer. It depends on your current credit score and your spending needs. Secured cards are used to improve a limited credit history or low credit score and that's what younger people are usually looking for.

**Kurt:** Rewards cards use a point system to give consumers prizes, airline miles, cash back, or other benefits based on how much you spend. Rewards cards may be offered by specific stores. Rewards cards are usually best for consumers who plan to pay balances in full every month.

**Mary Ann:** A Regular credit card with a low interest rate is best for most consumers. This card may be used for convenience and occasional purchases. Keeping balances low in comparison to your credit limit can increase your credit score. The second step, Kurt?

**Kurt:**

2. Limit the number of accounts you open and the number of cards you carry. Applying for several credit cards at one time can lower your credit score. Having fewer cards makes it less likely that you will overspend. Also, having fewer cards mean fewer chances of theft.

**Mary Ann:** Okay!

3. And number three is Understand the details. Be sure to read all of the details regarding interest rates. These can include special rates for an introductory period or for balance transfers in addition to the regular, on-going interest rate. Number four?

**Kurt:** Rewards card customers should determine how awards points accumulate as well as when and where the rewards can be used. Become familiar with the terms and decide which features you want in your credit card.

**Mary Ann:** [www.cardratings.com](http://www.cardratings.com) rates credit cards by category including best general travel rewards, best flat-rate cash back, best rotating cash back, and the list goes on to include dining out, small business, gas, etc. If you travel overseas often, be super sure to read the card details because some charge 3% for foreign transactions.

**Kurt:** Compare credit card offers. Check your credit report at [www.annualcreditreport.com](http://www.annualcreditreport.com) to see how much leverage you'll have in qualifying for the best credit offers. A credit history will help you qualify for the lowest interest rates, a higher limit, and the best terms.

**Mary Ann:** If you're shopping for a regular card, you'll want to focus on a low interest rate and the credit limit you need. There are several websites that let consumers compare card offers. I already mentioned [www.cardratings.com](http://www.cardratings.com). There's also [www.consumerreports.org](http://www.consumerreports.org) [www.creditcards.com](http://www.creditcards.com) [www.bankrate.com](http://www.bankrate.com) Remember to check the personal finance recommendations at <https://www.uaex.uada.edu/life-skills-wellness/personal-finance/uaex-money-blog/> and look for the Money Blog by Dr. Laura Hendrix.

Thank you for joining us today.

#### Podcast Closer:

For more information about this or any Grown Up U podcast or to learn more about Grown Up U educational opportunities, visit our website at [www.uaex.uada.edu/grown-up-u](http://www.uaex.uada.edu/grown-up-u). Be sure and follow us on Facebook and Instagram @UADAgrownupupodcast. The Grown Up U podcast series is brought to you through the University of Arkansas System Division of Agriculture Cooperative Extension Service. Contact your local county extension office for programs available in your area.

The University of Arkansas System Division of Agriculture offers all its Extension and Research programs to all eligible persons without regard to race, color, sex, gender identity, sexual orientation, national origin, religion, age, disability, marital or veteran status, genetic information, or any other legally protected status, and is an Affirmative Action/Equal Opportunity Employer.