

COMPARISON SHOPPING FOR A CREDIT CARD

Name: *Student Advocates For Financial Education*

Date: 2006

Directions: Using attached Schumer Boxes, compare the three credit cards to find which one is best for you. This data was derived from Schumer Box information on an actual credit card application or online offer.

Card 1 Citi mtvU Platinum Select for Students 10/06

Card 2 Discover Card 04/06

Card 3 First Interstate Secured VISA Card 10/06

	Card 1	Card 2	Card 3
Annual Percentage Rate (APR)	0% for six months, 18.24% Variable	0% for 6 months, 16.99%	21.25% Variable
Grace Period	20 days	25 days if balance paid in full	25 days
Minimum Finance Charges	\$.50	\$.50	\$1.50 (any month a finance charge is due)
Annual Fees	None	None	\$39
Transaction Fee for Cash Advances (APR on Cash Advances)	0% for six months 3% or \$5 min, no max Min 19.99% 23.24%	0% for 6 months, 3%, \$5 min - no max 22.99%	3%, \$5 min - no max 24.25%
Late Payment Fee	\$15, \$29, \$39	\$15, \$39	\$10
Over-The-Limit Fee	\$39	\$15, \$39	\$35
Fee if balance is paid in full each month.	\$0.00	\$0.00	\$0.00
Balance Consolidation Fee	0% for six months 3% or \$5 min, \$75 max	None	None
Inactivity Fee	None	Lose cash back if inactive for 36 months	None
Additional Fee (list)			
a. Returned Check Fee		\$39	
Other Considerations (list)			
a. Balance calculation method	Average daily balance 32.24% Variable	Two cycle avg. daily bal. including new purchases	Average daily balance 28.24% Variable
b. Default Rate	None, No	28.99%, None, No	None, No
c. Min Income? Co-signer?	Points for certain charges	BINDING ARBITRATION CLAUSE	
d. Consumer be aware of----			
Type of credit card (unsecured, secured, store)	Unsecured	Unsecured	Secured

1. Which card is the best choice and why?

That depends totally on the reason for the card:

___ Card 1 is a good choice for the individual that is paying the card off each month.

___ Card 2 would normally be the worst card, but if you can consolidate your cards here and then pay the balance off entirely within the 0% interest period, this card may save you some interest. **HOWEVER, 2 CYCLE CREDIT CARDS ARE VERY EXPENSIVE IF YOU CARRY A BALANCE WITH ANY INTEREST RATE.**

___ Card 3 is an average choice for the first time credit card holder. A secured card is the only way some individuals can establish credit. The available credit is equal to a dollar amount secured usually by a Certificate of Deposit.

NONE OF THESE CARDS ARE GREAT, JUST AVERAGE EXAMPLES FOR STUDENTS

SCHUMER BOX 1

Citi mtvU Platinum Select VISA Card for Students

Annual Percentage Rate (APR) for Purchases	0% Introductory rate for Purchases during the first six months of card membership. Then 18.24% variable* .
Other APRs	Balance Transfers: 3.0% \$5.00 minimum, \$75.00 maximum. Excludes balance transfers on this account opening offer. Then 18.24% variable . Cash advance APR: minimum of 19.99%, currently 23.24% variable* . APR of 32.24% for defaulted accounts. Your APR may vary. The rate for purchases, cash advances and defaulted accounts is determined monthly by adding 14.99%, 23.99% and 28.99% respectively to Prime Rate.**
Variable Rate Information	Your APR may vary. The rate for Purchases, Balance Transfers and Cash Advances is determined monthly by adding 9.99%, 14.99%, 23.99% and 28.99% respectively to the Prime Rate.**
Grace Period for Repayment of the Balance of Purchases	20 days for purchases, providing full balance is paid by due date.
Method of Computing the Balance for Purchases	Average daily balance (including new purchases).
Annual Fee: NONE	Minimum Finance Charge: \$.50

Other Fees: Late Payment Fee: **\$15** on balances less than \$100, **\$29** on balances of \$100 to \$250, and **\$39** on balances greater than \$250. Over-limit Fee: **\$39**. Fee for Cash Advances: **3% of each transaction, \$5.00 minimum** and **no maximum**. Fee for Balance Transfers: **3%** of each balance transfer, **\$5 minimum**, and **\$50 maximum**. This fee does not apply to balance transfers submitted with this application. The line of credit offered depends on credit worthiness of applicant. You must be at least **18 years of age and a currently enrolled college student**. There is no minimum income required to qualify, however some credit lines may be as low as \$500. **The mtvU offer is only valid for new accounts**. You will receive a 10% statement discount for all purchases made at www.shop.mtv.com.

*All your APRs may automatically increase up to the **32.24% variable default rate** if you default under any Card Agreement that you have with us, if minimum payments are not timely paid, your account is over-limit, your payment is returned by your bank, any account terms are breached, or the account is otherwise in default as defined in the Credit Card Agreement. Defaulted accounts will forfeit the introductory and any promotional rates. We apply payments and credits first to your balances with lower APRs (including balances with promotional APRs) before balances with higher APRs. This will result in the lower APR balances being paid before the higher APR balances.

**The Prime Rate for billing periods ending in any month is the Prime Rate(s) published in *The Wall Street Journal* on two business days prior to the Statement/Closing Date for that billing period.

SCHUMER BOX 2

Discover Card

Annual Percentage Rate (APR) for Purchases	0.00% until the last day of the sixth billing period after your account is open, thereafter the standard APR 16.99%
Other APRs	Balance Transfers: 0.00% until the last day of the billing period ending during April 2005*; thereafter the standard APR for purchases Default Rate: 18.49%, 23.49%, and 27.49% * (Variable depending on credit history and the Prime Rate.)* Cash Advances: 22.99%
Variable Rate Information	Your standard APR for purchases may vary and is determined monthly for Discover Platinum by adding 9.49% to the Prime Rate*.
Grace Period for Repayment of the Balance of Purchases	At least 25 days when you pay your balance in full each month
Method of Computing the Balance for Purchases	Two-cycle Average Daily Balance (including new purchases)
Annual Fee: NONE	Minimum Finance Charge: \$.50

Other Fees: Cash Advance / Transaction Fee: 3% for each cash advance, with a minimum of \$5 and no maximum.
Late Fees: \$15 on balances up to \$500, and \$39 on balances over \$500. Over Limit Fee: \$15 on balances up to \$500, and \$39 on balances over \$500.

Default Rate: If you are late making a payment, any rates not exceeding the Default Rate will change to be the same rate and type (fixed or variable) as the Default Rate. See Card member Agreement for details.

*The Prime Rate used is the highest prime rate listed in *The Wall Street Journal* on the last business day of the month. You understand that the terms of your account, including the APRs, are subject to change. This means that the APRs for this offer are **not guaranteed**. Certain restrictions and exclusions apply. You will receive complete terms and conditions once you become a card member.

Arbitration: The Card member Agreement provides that we may choose to **resolve a claim** relating to your Account by **binding arbitration**, in which case, you will **not have the right to have that claim resolved by a judge or jury**. You may **reject the arbitration provision** with respect to your new Account within **30 days after receiving your Card**. For restrictions and details, write to PO Box 15192, Wilmington, DE 19886-1020.

SCHUMER BOX 3

FirstInterstate Bank VISA Secured Card

Annual Percentage Rate (APR) for Purchases	21.25%
Other APRs	Balance Transfers: 24.25% Default Rate: 28.24% Cash Advances: 24.25%
Variable Rate Information	Your Standard APR for purchases may vary and is determined monthly on the first day of the month by adding 13 percentage points to the Prime Rate* for cash advances and balance transfers.
Grace Period for Repayment of the Balance of Purchases	25 days
Method of Computing the Balance for Purchases	Average Daily Balance (including new purchases)
Annual Fee: \$39.00	Minimum Finance Charge: \$1.50 (any month a finance charge is imposed)

Other Fees: Cash Advance /Transaction Fee: 3% for each cash advance, with a minimum of \$5 and no maximum. Late Fees: \$10. Over limit Fee: \$35.

***Default Rate:** will be provided to you in writing at the time your application is approved. APR for purchases, cash advances and balance transfers will not decrease below 17.00% regardless of changes in the Prime Rate. The Default Rate is effective for a minimum of six (6) months after which you must contact First Interstate Bank and complete a new application to receive a reduction to the current plan APR.

****The Prime Rate** used for every adjustment is the highest "prime rate" published in the *Wall Street Journal* at the end of the business day on the first of the month preceding the change. If payments are not kept current, the APR will be increased to a variable rate by adding 19.99 percentage points to the Prime Rate. The higher rate will apply if a required minimum payment is two times delinquent over 30 days within a twelve (12) month period.

Research Fee is \$20.00 per hour, \$10.00 minimum per project and \$1.00 per credit card statement. Expedited Card Production and Delivery Fee is \$28.50.

Secured Credit Cards are guaranteed with collateral provided by the card member. Collateral may be a Certificate of Deposit for the amount of the credit limit, or another type of account as required by the credit card company. The card may also be secured with collateral from a co-signer.