

Worksheet to Help You Choose a Credit Card

Follow the steps below to help you shop around for a credit card. Turn the page over if you need more information about a specific feature.

Step 1: Enter the Basic Card Details	Card A	Card B	Card C
Credit card issuer			
Type of card (Standard, Gold, Platinum, etc.)			
Card name			
Step 2: Decide Which Credit Card Features Are Most Important to You (check at least three from the list below)	Card A	Card B	Card C
<input type="checkbox"/> Annual Fee			
First card			
Supplementary cards			
<input type="checkbox"/> Annual Interest Rate			
Promotional Interest Rate			
On purchases			
On cash advances			
On balance transfers			
Length of time these rates apply			
Regular Annual Interest Rate			
On purchases			
On cash advances			
On balance transfers			
<input type="checkbox"/> Grace Period on New Purchases			
Number of days			
Method used (Method 1 [M1] or Method 2 [M2] – see <i>Getting the Most from Your Credit Card</i> for an explanation of the methods)			
<input type="checkbox"/> Rewards Program			
Type of rewards program			
Amount of time required to accumulate enough points for something of value (use same value to compare between different cards)			
<input type="checkbox"/> Insurance, Other Benefits or Optional Services			
Insurance or benefits included with the card			
Other insurance or benefits not included with the card			
<input type="checkbox"/> Service Fees for Various Transactions			
<input type="checkbox"/> Cash advance fee (in Canada)			
<input type="checkbox"/> Cash advance fee (outside Canada)			
<input type="checkbox"/> Over-the-limit fee			
<input type="checkbox"/> Foreign currency conversion fee (if you make purchases outside Canada)			
<input type="checkbox"/> Other			
Step 3: Decide Which Credit Card Meets Your Needs			

Worksheet to Help You Choose a Credit Card

Annual Fee: In general, you should compare the annual fee to the interest rate charged on the card. For example, compare a credit card with an annual interest rate of 18.5% and a \$0 annual fee, to a card with an annual interest rate of 12.9% and an annual fee of \$15. Usually, if you carry a balance on your credit card, you are better off paying a small annual fee to benefit from the lower interest rate. For more information, refer to the publication *Managing Your Money*.

Annual Interest Rate: In many cases, the annual interest rate on purchases is different from the one on cash advances and balance transfers, for the same card. Which type of transactions will you be making the most often? You should look for a card with the lowest interest rate for that type. Sometimes a credit issuer will offer an introductory low-rate offer on a higher-interest credit card. These offers apply only for a limited period of time, and usually to a specific type of transaction. If you are considering an introductory low-rate offer, refer to the publication *Getting the Most from Your Credit Card*.

Grace Period: A longer grace period is always better. If the interest-free period applies to your new purchases, a longer grace period will give you more time to pay. However, if the interest-free period does not apply, then you should pay your credit card bill as soon as you receive your statement to pay less in interest charges. Waiting until the due date on your statement will only make you incur more interest charges.

See the publication *Getting the Most from Your Credit Card* to find out whether the interest-free period applies to your new purchases.

Rewards Program: If you use your credit card for convenience only and not to carry a balance (that is, you normally pay off your credit card in full each month), rewards programs could be beneficial to you. You can normally accumulate points that you can redeem for merchandise, travel, and more. Rewards programs are not useful for people carrying a balance because points accumulate only when you make purchases using your credit card. You must normally make a very large amount of purchases before you have enough points to begin redeeming them for something of value to you.

Insurance, Other Benefits or Optional Services: If you travel often, or are in need of an optional service such as credit balance insurance, compare the benefits that already come with the card, and compare additional benefits that could be useful to you. It may be very costly for you to purchase benefits or insurance as an option. You might be better off finding an alternative with another company offering this service.

Service Fees: Service fees generally add a lot of cost to your credit card transactions. Normally, cash advance fees and foreign currency conversion fees are the most costly. If you make these types of transactions often, find a card with a low fee for this service.