

Credit Card Debt Management Smarts

Quick Quiz

1. Is a pre-approved credit card a new credit card?
2. If you pay off your credit card bills completely each month, how can you additionally ensure that you are best managing your credit card debt?
3. What is the most card-holder friendly method of calculating finance charges? --- The way card holders should seek out in the credit cards they choose to use to save the most money by getting the lowest finance charge amounts.
4. What is the most common method of finance charge calculation?
5. After promotional APR's end, are your monthly payments applied to the items purchased at the higher interest rates first in order to save you money?



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ANSWER GUIDE

Answers to Credit Card Debt Management Smarts

Quick Quiz by Precept Financial

1. **No.** You've been pre-approved for an application for a new credit card. The federal government prohibits credit card companies from sending out unconsented to new credit cards. Renewals and upgrades are not new credit cards. Source: FTC Facts for Consumers.
2. **Choosing to use credit cards with low or no annual fees** will ensure best debt management when you completely pay off your credit card bills every month. Secondly, lower late fees if possible, help too.
3. **Adjusted Balance is the most card-holder friendly method finance charge formula.** Your balance is based on only outstanding purchases from the previous billing period, not on any purchases made during the current cycle. You have until the end of the current billing cycle to pay for current purchases without incurring any finance charges.
4. **Average Daily Balance is the most common finance charge formula.** The credit card company credits your account the day they apply your payment, and base your finance charge on the average daily balance including purchases made during the current billing cycle made up to the billing date, which is usually 2-4 weeks after the cycle date.
5. **No.** After promotional APR's end, credit card companies generally apply your monthly payments to the items purchased at the lowest interest rates first in order for the higher finance charges to accrue.

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