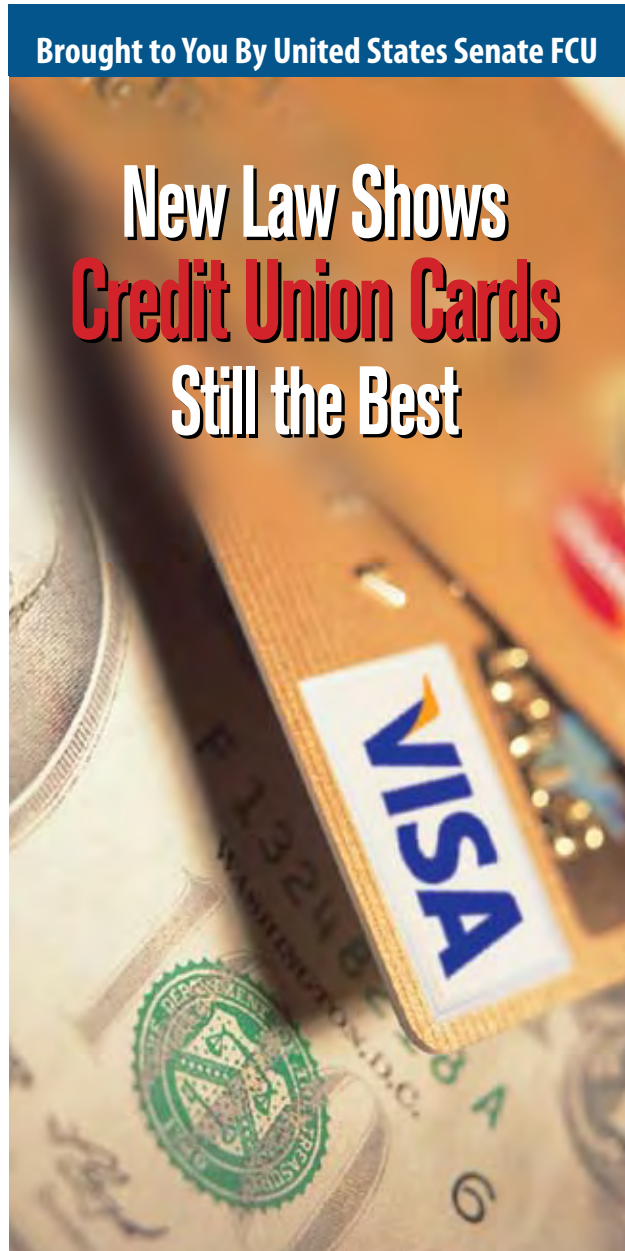


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# New Law Shows Credit Union Cards Still the Best



**Y**ou've likely heard about credit card changes coming your way. According to the *New York Times*, credit union cards are a great test case for how other cards will perform under the new law—because they already operate in consumers' best interest. This will become more evident in months to come.

The Credit Card Accountability Responsibility Disclosure Act of 2009 (CARD Act) limits changes for interest rates, fees, and other significant terms on credit card accounts. It also requires a longer notice when certain terms are changed, bans certain deceptive practices, and provides additional protection to consumers.

***Credit unions largely conform to the rules of the new law already.***

"New rules should help 'rein in' many abusive credit card practices," says Dan Mica, Credit Union National Association President/CEO.

But, as effective dates draw nearer, many banks are doing all they can to boost profits *now*—even gouging cost-conscious consumers who maintain good credit.

If you *have* a credit union credit card, you already know about the low-interest rate, low fees, reasonable grace period, and great member service that are standard operating procedure at a credit union. If you don't have a credit union credit card, now is a great time to get one.

Credit unions largely conform to the new rules already. And even though credit unions weren't involved in the abusive and deceptive

practices—such as high over-the-limit fees and huge interest rate hikes—that led to the law, it's important to know how and when components of the law will affect you.

The new law forces card issuers to show consumers the big picture. For example, if you generally make only the minimum payment on your credit card each month, now you'll get a clear picture of what this means for your financial future.

At a credit union, you get a better card and a better financial institution. What distinguishes credit unions from banks is that credit unions answer to a different group of owners—their members—reports the *New York Times*. As a member you receive better rates and service than if you're a customer of a bank—which shareholders own.

Use the table inside to understand how the law will affect your credit card and when these new practices will go into effect.



United States  
**SENATE**  
Federal Credit Union

National Capitol Station  
P.O. Box 77920  
Washington, D.C. 20013  
800.374.2758  
[www.ussfcu.org](http://www.ussfcu.org)

# Credit Union Issued Credit Card Changes Become Effective \* ...

	Aug. 20, 2009	Feb. 22, 2010*	Aug. 22, 2010	What this means to you
<b>Interest rates</b>	<ul style="list-style-type: none"> <li>• Issuers have to give written notice at least 45 days before increasing the annual percentage rate (APR).</li> <li>• Notices must contain a brief statement about the cardholder's right to cancel the account.</li> </ul>	<ul style="list-style-type: none"> <li>• Interest charges on debts paid on time—known as double-cycle billing—are banned.</li> <li>• No increase in APR allowed in first year that account is opened unless certain exceptions apply (ask the card issuer for details).</li> <li>• No “teaser” rates for less than six months.</li> <li>• No penalty rate unless 60 days overdue.</li> </ul>		<p>If you miss a payment and your rate rises, you can restore your old rate over time. You still should compare rates to make sure you're getting a card with the best deal.</p> <p>The best deal likely is at your credit union.</p>
<b>Fees</b>		<ul style="list-style-type: none"> <li>• Late fees not charged if card issuer delays crediting payments.</li> <li>• Consumers must “opt in” to over-the-limit fees; those who “opt out” may have transactions rejected if they exceed their credit limits.</li> <li>• Issuers are prohibited from charging fees for consumers paying by mail, electronic transfer, or phone—unless live services are required.</li> </ul>	<ul style="list-style-type: none"> <li>• Penalties have to be “reasonable and proportional” to the violation.</li> </ul>	<p>Most nuisance fees you've seen on bank card statements will disappear. Your best bet is to switch to a credit union credit card, where fees are typically lower.</p>
<b>Payments</b>	<ul style="list-style-type: none"> <li>• Credit card issuers must mail statements 21 days before due date.</li> </ul>	<ul style="list-style-type: none"> <li>• Payment due date the same each month; if due date falls when issuer is closed (weekends, holidays), creditor can't treat payment received next business day as late.</li> </ul>		<p>Clearer due dates and times: You'll have more time to pay your bill and won't have to worry about early morning payment and other unreasonable deadlines.</p>
<b>Young adults (younger than age 21)</b>		<ul style="list-style-type: none"> <li>• Cards can't be issued without an adult co-signer unless cardholder can prove means to repay the debt.</li> <li>• Credit limits can't be increased without considering the ability of the borrower to make required payments.</li> <li>• Card issuers not allowed to offer tangible items or inducement for applications on or near campus and at college-sponsored events.</li> </ul>		<p>If you're younger than age 21 you'll need a co-signer if you want a credit card unless you have a steady source of income. Your credit union still is the best place to shop for a credit card—with your parents' approval, of course.</p>
<b>General-use prepaid cards, gift certificates, and store gift cards</b>			<ul style="list-style-type: none"> <li>• No penalties for not using the card unless no activity for 12 months.</li> <li>• Cards can't expire for the first five years.</li> <li>• Expiration date terms must be clearly stated.</li> </ul>	<p>New rules eliminate hidden fees and expiration dates.</p>
<b>Disclosure</b>		<ul style="list-style-type: none"> <li>• Each card issuer will maintain a Web site posting card agreements; Federal Reserve must post on Web site as well (<i>federalreserve.gov</i>).</li> <li>• Issuers must disclose consequences of making only minimum monthly payments—how much interest you will pay and how long it will take to pay off card.</li> <li>• Toll-free number available for help in locating credit counseling and debt management services.</li> </ul>		<p>It now will be easier to compare rates and terms.</p>
<b>Oversight</b>		<ul style="list-style-type: none"> <li>• Law increases penalties for violating Truth in Lending Act.</li> <li>• Fed will review terms of credit card agreements and industry practices.</li> </ul>		<p>You will be protected from deceptive credit card practices.</p>

\* These dates apply to credit union issued cards. If you have credit cards from other financial institutions, effective dates may be earlier.