



# What The New Credit Card Law Means To You

Presented by the National Association of Federal Credit Unions

Here's what you can depend on with a credit union credit card:

- A low annual percentage rate, typically below those offered by banks.
- Complete disclosure of all terms and fees before you apply for your card; and
- The fair and friendly member service you've come to expect from your credit union.

The bottom line: It's as important as ever to look carefully for the best credit card, and you'll likely find it at your credit union. If you already have a credit union card, it means you made a smart decision.



## Major Provisions

The Credit Card Accountability, Responsibility and Disclosure Act of 2009, better known as the CARD Act, was enacted largely due to abusive and unfriendly practices by many of the nation's banks. These included excessive fees for late payments, interest charges on balances paid on time (commonly referred to as double-cycle billing) and many other abusive practices.

If you already have one of the credit unions credit cards, the new law will have minimal impact on you.

### **More Time To Pay**

Effective August 20, 2009, Credit Card bills must be sent 21 days before payment is due, an increase from 14 days.

### **Read Documents Carefully**

The new law has several new protections for cardholders, but you won't be able to make use of them unless you read all disclosures and notices that card issuers are now required to provide.

### **Be Aware Of Deadlines**

Some provisions of the

### **More Notice Of Changes**

Effective August 20, 2009, Cardholders must receive 45 days' advance notice, in writing, of rate hikes or other major changes to their account, instead of only 15 days' notice. However, this notice is not required in some cases.

### **Limits On Rate Hikes**

Effective August 20, 2009 Consumers may opt out of interest rate hikes and fee increases by canceling their account and paying off balances over time.

If your interest rate is increased due to a payment 60 or more days late, it must revert back to your original rate once you make six consecutive months of on-time payments.

Card issuers may not increase rates on existing

balances unless a promotional rate expires, a variable index rate goes up or you are 60 days late in paying; and they may not increase rates on new accounts in their first year (unless you are 60 days or more late in paying).

Promotional rates must be in effect for at least six months. Due dates must be the same every month.

The banning of two abusive practices will take place as well: universal default, in which a credit card interest rate is raised after a late payment to another company, and the above-mentioned double-cycle billing.

### **Fairer Gift Card Terms**

Gift cards can't expire for at least five years, and inactivity and service fees are banned unless the card has been unused for 12 months.

## Tips for Applying The New Law To Your Advantage

new law is already in effect, but the majority goes into effect on February 22, 2010. Be aware of the deadlines and plan your finances accordingly.

### **Know What The Law Does Not Do**

The Credit CARD Act ends several unfair practices, but it does not place ceilings on rates. In fact, experts are predicting

the law will trigger higher rates from some card issuers.

If you are experiencing or expecting these negative effects, consider moving your credit card account.

