



Compare credit-card reward offers

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Credit cards present dangers such as enticing you to spend more than you can pay off, but they also offer rewards in the form of special programs that let you either get cash back on purchases or let you accumulate points toward airline tickets, hotel stays, car rentals and more. And with 40 to 45 percent of all credit cards linked to a reward program, there are plenty of options from which you can choose.

But first, a few words of caution. If you carry a substantial balance on your card each month (not recommended!), you will want to focus on finding a card with a low annual percentage rate (APR) so that your interest payments on the outstanding balance are as low as possible.

Even if you don't carry a substantial balance, it is important to know that credit card users whose cards have reward programs spend twice as much as their counterparts whose cards don't have reward programs. Also, credit cards linked to rewards programs have on average higher APRs than non-reward cards. Your best bet is to first check with your bank or credit union to see what sort of options they offer.

Experts recommend opting for a points-based reward program in which you accrue perks like airline tickets over a cash-back program. A cash-back rewards program is only worth it if you regularly rack up a rather large balance on your credit card.

To choose among points-based programs, consider your lifestyle. Do you enjoy traveling? Then opt for a card that lets you accrue airline miles or hotel stays. Drive a lot? Then check out a card that rewards your gas purchases.

It can be difficult to choose a card with the hundreds of options

KEY POINTS

- Credit cards present dangers such as enticing you to spend more than you can pay off, but they also present rewards in the form of special programs that let you either get cash back on purchases or let you accumulate points toward airline tickets, hotel stays, car rentals and more.
- Forgo expending a lot of time researching rewards programs if you carry a large balance on your credit card, as it's most important that you choose a card with a low annual percentage rate (APR).
- Opt for a cash-back program over a points-based program only if you regularly rack up a high balance on your credit card.
- Consider your lifestyle when shopping for a points-based reward program.
- Visit comprehensive credit card comparison Web sites like www.cardratings.com or www.bankrate.com to make it easier to choose the best card for you.
- Be aware of potential pitfalls such as annual fees, minimum spending requirements and reward redemption restrictions.
- Never charge so much that you must carry a balance on your credit card to attain a reward.



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out there. To make your decision easier, visit comprehensive credit card comparison Web sites like www.cardratings.com or www.bankrate.com that let you size up cards along several types of criteria.

After you compile a couple of options, it's time to investigate each card's potential pitfalls.

They can include:

■ **Annual fees.** Only 20 percent of credit cards with rewards programs have annual fees, so definitely seek out cards with no annual fee.

■ **Rewards expiration dates.** Some cards' rewards expire within a certain period of time, so make sure that period is long

enough for to take advantage of the rewards you accrue.

■ **Reward redemption restrictions.** Find out if you can redeem rewards at any time or if you must redeem them in increments. It's worth it to pay special attention to airline reward programs, which are notorious for their blackout flying dates and scant seat allocations for free flyers.

■ **Minimum spending requirements.** Some cards stipulate that you must charge a certain amount before you start accumulating rewards. Make sure you can meet that amount so you won't charge more than you normally would just to meet the requirement. Also check to see if your rewards get capped once you charge a certain amount.

■ **Lack of exchange options.** To enjoy flexibility in redeeming your rewards, check to see if a card lets you exchange your points with different airlines or hotels.

Once you choose a credit card with a reward program, be sure to regularly monitor how many points you've accumulated and what, if any, expiration dates loom on the horizon. (Studies show that a whopping 41 percent of all credit card users enrolled in rewards programs rarely or never use their reward points!)

It may also help to set a goal with respect to your card. For instance, you may want to accumulate enough points for free airline tickets for a vacation or to receive \$300 in cash-back rewards for a special purchase.

No matter what your goal may be, never charge so much that you must carry a balance on your credit card to attain that reward. No reward is worth paying interest on the balance your purchases rack up in the pursuit of that reward.

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How teens use credit cards

The 2008 JA Interprise Poll™ on Teens and Personal Finance, a joint study conducted by Junior Achievement and the Allstate Foundation, included several interesting facts about how teens use credit cards and other financial services.

For instance, only 10.4 percent of teens indicated that they use credit cards, and this use increases steadily as teens grow older. Among teens ages 13 to 14, only 4.8 percent report using credit cards, but that percentage rises to 8.4 percent for teens ages 15 to 16 and to 21.5 percent for teens 18 and older.

Nearly one-third of teens (32.9 percent) have checking accounts and debit cards. This percentage jumps four-fold from 14 percent among teens 13 to 14 years-old to 60.7 percent for teens age 18 and older.

Among teens with credit cards, 67.6 percent pay off their monthly balances in full each month while just 13.2 percent pay only the minimum balance. Parents make the monthly payments for 13.2 percent of



teens who use credit cards. Teen monthly credit card charges are rather modest, with average monthly charges of \$50 or less made by 38 percent of teens. Another 28.2 percent accrue charges of \$51 to \$100 per month. However, 33.7 percent of teens use credit cards to charge more than \$100 per month.

Rising energy prices may contribute to the most frequent credit card purchases, with 68.6 percent of teens with credit cards reporting charging gas. At 67.1 percent, clothing is the second most common item purchased on credit cards.

JA Banks in Action and JA NEFE Financial Planning Program are two Junior Achievement programs that teach students about financial literacy. To bring JA to your school, contact Gail Whitney at 898-6385 or gwhitney@jwestempa.org.

CAREER CORNER



Katelyn Wheeler

Name: Katelyn Wheeler
Occupation: Rehabilitation Technician at Chiropractic Solutions.

Typical day: I do exercises such as knee compressions and electronic stimulation with patients. Many of our patients were in car accidents and they need a good amount of help. I also help run tests they take. To do well in this job, a person first and foremost needs good people skills.

Favorite part of job: I love seeing how patients smile even though they are in pain. It is also really

gratifying to be able to help people get better and to watch the progress they make.

Education: I received a one-year rehabilitation technician degree from Erie Business Center.

To learn more about programs at Erie Business Center, contact Paul Pilatowski at 456-7504, ext. 112.

Look for ads in the newspaper that encourage consumers to make purchases using a credit card. Do they include important details about the terms of repayment? Sometimes you will encounter ads with offers that read along the lines of "12 months, no payments, no interest." What does this mean? Do you think many people are lured in by such offers without understanding what they really mean? Write a letter encouraging lawmakers to hold credit-card issuers accountable for making sure customers—especially young ones—understand the terms of credit card agreements. Then send it to nie@timesnews.com for possible publication in the newspaper.



Check out these Web sites to learn more:

www.teachmeaboutmoney.org
www.eriefcu.org/savings/financial-literacy

www.unitedwayerie.org/financial-stability
www.goerie.com/nie

www.erie.ja.org
www.eriebc.edu

