

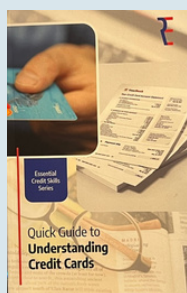


UNDERSTANDING AUTISM PODCAST

SEASON 2 EPISODE 57: UNDERSTANDING HOW CREDIT CARDS WORK

The lure of using a credit card is strong when you're first living on your own; it's like free money! Or is it? In this episode we tackle the sticky problem of using credit cards and the advantages and disadvantages they offer us in purchasing the things we need.

LINKS



A Quick Guide to Understanding
Credit Cards by Reentry Essentials
[Amazon.com](https://www.amazon.com)

INTEREST ON CREDIT CARDS EXAMPLE

If you don't pay off your credit card balance each month, your financial institution will charge you interest on the balance that you owe. For example:

- let's say your APR is 20%
- the bank will charge you a daily rate, in this case $20\%/365 \text{ days} = 0.055\%$
- Let's say your credit card balance is \$1000. The bank will charge you $\$0.55 \text{ per day} \times 30 \text{ days} = \16.50 .
- If you don't make another payment before the due date, the bank will now charge you based on your *new balance* of \$1016.50, which + \$16.77 which increases your balance to \$1033.27.
- This does not include any *additional fees* the bank can charge you like a \$50 late fee, for example. This will also add to your credit card balance.

EPISODE 57 UNDERSTANDING CREDIT CARDS

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FICO® CREDIT SCORING FACTORS



[FICO Score Calculation
by NerdWallet.com](https://www.nerdwallet.com/fico-score-calculation)

Scores >799	Exceptional
Scores 740-799	Very Good
Scores 670-739	Good
Scores 580-669	Fair
Scores <580	Poor

Credit Scores Scale