



Credit Card Terms

Annual fee: Charge to cardholder on yearly basis.

APR (annual percentage rate): The amount of interest a cardholder pays in a year in addition to the regular balance. It's important to note that an APR can be fixed or variable.

Credit card: A physical card that's tied to a credit account. The card can be used to make purchases through that credit account.

Credit limit: The maximum amount a credit card company allows a cardholder to charge on their credit card.

Debit card: A physical card that's tied to your personal bank account. When you make a purchase, the amount comes directly out of your account.

Fixed interest rate: When the interest a person is charged on borrowed money remains consistent.

Foreign transaction fees: Fees charged when making purchases outside the U.S.

Grace period: The time between a purchase and the point where a person must pay interest on a credit card purchase.

Late fees: Fees charged when a cardholder pays late, even by one day, or if they don't pay the minimum amount due.

Minimum payment: Credit cards typically require a minimum amount of money on what a cardholder owes each month.

Rewards: A credit card might offer rewards, which means earning points, miles, or cash back for every dollar spent.

Special offers: Sometimes a credit card company will have a special offer, such as deferring interest payments, to get a person to sign up.