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# Understanding Your Credit Card Statement

## How to read monthly statements as you manage your debt

These days with automation, going paperless, and apps that bring up your balance with a click, it can be easy to forget to review your monthly credit card statements. However, these statements can provide essential information about your accounts that is important for you to monitor.

Looking carefully at your credit card statements each month can help you discover information that would otherwise be hidden. You can manage your balances more effectively and avoid problems with debt. This guide walks you through all the information your monthly statements contain and how you can use it to your advantage.

It's important to note that no matter what type of credit card you have or who the credit card issuer is, all the information outlined below must be included in your statement.

## Page 1

### Payment Information

At the top of the first page of your credit card statement, there will be a section titled "Payment Information"

It must show:

1. The **New Balance** on your account
2. The **Minimum Payment Due** for that month
3. Your **Payment Due Date**, which will include a time that online and phone payments must be received by

There will also be two warnings that you need to pay attention to:



- Late Payment Warning:** This warning will provide details on the late fee and penalty APR that may be applied to your account if you don't pay by the due date
- Minimum Payment Warning:** This warning explains that only making the minimum payment will increase the time to payoff and cost of your debt. Below it, you will find a table that looks like this:

IF YOU MAKE NO ADDITIONAL CHARGES USING THIS CARD AND EACH MONTH YOU PAY...	YOU WILL PAY OFF THE BALANCE SHOWN ON THIS STATEMENT IN ABOUT...	AND YOU WILL END UP PAYING AN ESTIMATED TOTAL OF...
Only the minimum payment	X months or years	\$XXXX.XX
\$XXX	3 years	\$XXXX.XX

The purpose of this table is to help you understand the time and financial cost of minimum payments. The second line will only be included if your balance would take more than three years to pay off with minimum payments. Then they will include the second line to show you how much you would save by paying off your balance with fixed payments made over three years.

Finally, below this table, you will see a line that says, "**if you would like information about credit counseling services, call**

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**1-XXX-XXX-XXXX.**" This provides a toll-free number that you can call to learn more about credit counseling—a service that can help you pay off high-interest rate credit card balances if you are having trouble paying them off on your own.

## Account Summary

The second section that will appear on any credit card statement will be the account summary section. This section details how the credit card issuer arrived at the new balance listed in the first section.

For general-purpose credit cards, the summary will include:

- Previous balance
- Payment credits
- Purchases
- Cash advances
- Balance transfers
- Fees charged
- Interest charged
- New balance
- The opening and closing date for the billing cycle
- Past due amount
- Credit limit
- Available credit
- Cash advance limit
- Available credit for cash advances

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For specialized credit cards such as store cards and gas cards, not all this information may be included. For example, most store cards will not offer cash advances or balance transfers.

Review this section carefully. Here are some tips on what you want to look for:

- Make sure the payment you made the previous month is correct
- Pay attention to how much you added in new purchases, as this may be a sign that you are overspending on credit
- Be aware that balance transfers and cash advances will have a different interest rate applied to them, which is higher and applies immediately
- See how much you're adding in cost with interest charges and fees
- Compare your new balance to the available credit to see how much of your available credit you are using; this is known as your credit utilization ratio and it can negatively affect your credit score if you are using more than 30% of your available credit limit

## Reward Details

For any credit card that offers a reward program, you will also see a summary of your rewards on the first page of your credit card statement. The information contained in this section will vary depending on the type of rewards credit card. For example:

- A cash-back rewards card will include a summary of your available cash-back balance

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- Point rewards credit cards will include a summary of the points earned and how to redeem them
  - Travel rewards credit cards may include a summary of the miles earned during that billing cycle
  - Gas cards may list the number of fuel credits earned

## Account messages/notifications

This section may contain important information about upcoming changes to your account. For example, if your interest rate is changing, the credit card issuer must notify you 45 days before that change occurs. This information would appear in this section.

If you have a credit card with an annual fee, this section will also notify you when that fee is coming up.

For months where you have no notifications, this section will be blank or may not appear at all.

## Payment slip

The bottom of the first page of your statement will provide a payment slip that should be included if you plan to mail in your payment. It is pre-addressed so you can easily mail your payment. You must write the **amount enclosed** on the payment slip and it must match the amount on the check or money order included.

If you don't mail in your payments, you do not need to do anything with this part of your statement.

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## Page 2

### Information about your account

The "back" of the first page of your credit card statement (or Page 2 if you're looking at your statement electronically) is where you will find all the fine print about your account.

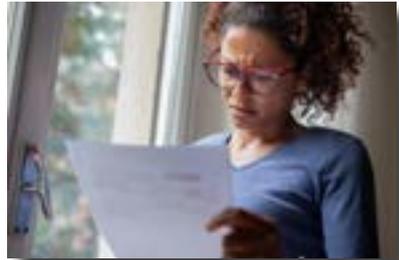
It will include information about:

- How payments and interest are calculated on your account
- How to avoid interest charges using your credit card's grace period
- How to make your payment
- What to do if you believe there is a mistake on your statement
- Your rights if you are dissatisfied with your credit card purchases
- What to do if you have a credit dispute or lost or stolen credit card

As much of a drag as it can be to read any fine print, pay attention to what this section says. It can be eye-opening.

This information typically won't change, but it's worth your time to read it when you first open a new credit card.

Specifically, pay attention to the **grace period**. This is the amount of time after the closing date of the billing cycle where you can pay off your balance to avoid interest charges. In most cases, if you pay off the balance in full by the credit card due date, interest charges will not apply if you started



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the billing cycle with a zero balance.

Also, note the **daily balance method**. This explains that after interest charges begin to apply to your balance, they will compound daily. That means that every day you leave your balance unpaid, it's costing you money.

## Change of address information

The second page of your statement will also include information on what to do if you move.

- If you get paper statements by mail, this will typically be a change of address slip that you must mail in
- If you have gone paperless and get your statements electronically, it will include instructions for where to change your address online or over the phone.

## Page 3

### Account transaction details/activity

The last page of your credit card statement will include a more detailed record of the transaction and account activity. The information will be broken up into five sections:

1. **Payment details**, which may also include other account credits
2. **Transaction details**, which will show the purchases made during that billing cycle
3. **Total fees charged**, which should hopefully be zero in most cases
4. **Total interest charged**, which is broken into each type of

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interest that may be applied to the account:

- a. Interest on purchases
- b. Interest on cash advances
- c. Interest on other balances

**5. Year-to-date totals**, which shows the total fees and interest paid on the account for the current year

You can use this section for a few things:

- Review the transaction history to make sure you recognize all the purchases; if you don't, it could be a sign that the account has been compromised
- Pay attention to the fees and interest you're paying to use the account since this will help you be more aware of what the credit line costs you

## Interest charge calculation

The next section also provides important information about your account. This section provides details on the interest rates for the account and the balances subject to each interest rate. This section is essential to review because you need to know what rates you're paying.

You will see a table that looks something like this:



BALANCE TYPE	EXPIRATION DATE	ANNUAL PERCENTAGE RATE	BALANCE SUBJECT TO INTEREST RATE	INTEREST CHARGES
Purchases				
Cash advances				
Balance transfers				

Depending on the type of card, some of these fields may not be included. For example, store credit cards will likely only show the purchase interest rate since these cards don't typically have other rates. The expiration date column may only be included on general-purpose cards because specialty cards may not ever offer promotional rates that would expire after a certain date.

In addition to the numeric rates, you may see letters next to the annual percentage rates:

- (v) means that the rate is variable, meaning it may change over time
- (f) would indicate a fixed rate for the rare credit cards that offer fixed rates
- (d) means that rate is subject to the daily balance method
- (a) means that the rate is subject to the average daily balance method

The account information section on page 2 of the statement will explain the various methods that may be used when interest is applied.

There are a few things you need to pay close attention to as

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you review this section each month:

- 1. Make sure you see when promotional rates are going to expire.** If you are enjoying low interest or no interest for a period, you want to pay off as much debt as possible before the rate's expiration date.
- 2. Take note of the rates on each account you have.** That way, you can be strategic about using your credit cards. For instance:
  - a. If you will be making a big purchase that will take a few months to pay off, you want to use the card that has the lowest APR on purchases.
  - b. If one of your cards offers a promotional rate on balance transfers, you may want to consider moving some balances over from other high-interest cards.
- 3. Before you do a cash advance, consider the cost.** You will notice that the annual percentage rate on a cash advance will typically be much higher than the other interest rates on the card. Cash advances can be very costly, and this rate applies immediately when you use a cash advance.

## Important cardholder information/news

Some statements will have one final section that contains any additional information that the credit card issuer thinks the cardholder should know. This may include:

- **Instructions on how to go paperless**, so you can stop receiving paper statements in the mail and receive them electronically via email instead.
- **Updates on new rewards that may be offered.** For example, if you have a rewards credit card where the rewards adjust each quarter, you may find details on the

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rewards for the next quarter.

- **Details on reward balances.** For instance, if the credit card issuer wants to provide an overview of points earned on a reward program.
- **Extra services the card may offer,** such as credit score tracking or fraud protection services.

Make sure to review these updates so you can take full advantage of your account and avoid any potential issues.