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Credit Card Tricks, Part 2

The Billing Cycle

Beyond universal default, you should know about your credit card's billing cycle. Be cautious with any cards using the double billing cycle, because that determines when it is that you are going to pay interest on the things that you purchased. You might think that you are going to pay interest after you get the bill or after a set number of days. But often, that is not the case. You might start getting charged for interest the day that you make the purchase.

The grace period on a lot of credit agreements are shrinking dramatically too. Remember the old days, when you used to have 30 days after you shopped and made a charge to mail in your payment? Or in some cases, after you got the statement in the mail, you had X number of weeks to turn it around and get that payment in to your creditor? Well, increasingly most banks and credit card issuers are using grace periods that have shrunk from 30 days to 25 and now to the 20-day mark. So by the time your closing date occurs, it's possible that you might have charged something on the 15th, and your billing cycle might end on the 25th, and from that point on the credit card company will send you the bill. The net result is that from the date that bill is sent, you'll effectively have about ten days (including mail time) to get your payment in on time to your creditor. Look on the back of your credit card agreement and find out what the grace period is for each of the cards you carry.