

Answer Guide: Comparing Credit Cards

When you apply for a credit card, there are many choices. Read each question below. Decide which credit card would be best for each situation.

Questions:

1. You have a good credit rating. You plan to pay off your credit card bill each month. Which card is best? _____

Answer: Card #1, Card #2, and Card #5. If you had to pick one, which would it be? Card #1 because it has the highest credit limit and the lowest APR.

2. You've never had a credit card before. Which card is best? _____

Answer: Card #3 because it requires only a limited credit rating.

3. You want a credit card with a good interest rate in case you cannot pay off your credit card each month. Which card is best? _____

Answer: Card #4 if you have an excellent credit rating. Card #1 if you have only a good credit rating.

4. You want a credit card to use anywhere. Which card is best? _____

Answer: Card #1, Card #3, Card #4, and Card #5. Some people may make the case that having a MasterCard® or Visa® card is better because Discover® isn't always accepted in all places.

5. Your job requires you to use your credit card for business travel and then reimburses you afterward. Which card is best? _____

Answer: Card #4 if you have an excellent credit rating. Card #1 if you have only a good credit rating.

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Credit Card #1

Type: MasterCard®

Annual Fee: None

Credit Needed: Good Credit

Regular APR: 13.9%

Credit Limit: \$5,000

Credit Card #2

Type: Mobil® Gas

Annual Fee: None

Credit Needed: Good Credit

Regular APR: 14.9%

Credit Limit: \$2,000

Credit Card #3

Type: Visa®

Annual Fee: None

Credit Needed: Limited Credit

Regular APR: 25.9%

Credit Limit: \$1,000

Credit Card #4

Type: MasterCard®

Annual Fee: \$75.00

Credit Needed: Excellent Credit

Regular APR: 8.9%

Credit Limit: \$10,000

Airline Rewards Card

Credit Card #5

Type: Discover®

Annual Fee: None

Credit Needed: Good Credit

Regular APR: 15.9%

Credit Limit: \$3,000

Cash-Back Rewards

