

Cardholder's Guide to the Credit CARD Act of 2009



Whether you carry the Union Plus Credit Card or another card, the Credit CARD Act of 2009 is good news. The new cardholder's protections outlined below will assist you in using credit responsibly, safely and knowledgeably.

Credit CARD Act Protections

Union Plus cardholders already had many of these protections. ★ Indicates UP cardholders already had this protection; ● indicates a new protection.

Interest Rates

- No interest rate increases on existing retail and cash balances except when 60 days late
- AFSCME Advantage cardholders will never get rate increases on existing retail and cash rate balances
- Issuers may still raise rates for future transactions for any reason
- Union Plus has strict rules about what will trigger the default rate for future transactions
- ★ If an account is increased to the default rate, issuer must reduce it back to the original rate if cardholder makes six months of on-time payments.
- ★ Issuers may not raise rates during the first year after an account is opened
- ★ Promotional rates must last at least six months
- ★ No universal default (no increases in a cardholder's rate based on payments on unrelated accounts)

Notice for Changes in Account Terms

- ★ 45-day advance written notice of significant changes
- ★ Opt-out requirement
- ★ No change in terms for repaying balance if customer opts out

Fees

- Over limit fees eliminated unless the cardholder authorizes the account to go over limit
- ★ Over limit fees (if authorized by the cardholder) may be charged only once per billing cycle
- Fees for payments made over the phone, by wire transfer, or on-line will be eliminated, except for last minute payments by phone with a live customer service representative.
- Penalty fees (e.g., late fees, over limit fees) must be "reasonable and proportional"
- Federal Reserve Board is expected to issue guidelines that will require lower fee levels; effective later in the year
- ★ Restrictions on "fee-harvester cards" with high fees, low limits targeted to subprime borrowers
- ★ The Union Plus program never included these types of cards

Billing

- Payment due dates must be on the same date every month.
- ★ Billing statements must be mailed at least 21 days before the due date
- Same day credit for payments received at local branches
- Payment deadline cut-offs no earlier than 5 pm
- Payment above the minimum payment applied to the highest-priced balance first instead of the lowest-priced balance
- ★ No application of finance charges for previous billing cycles

Disclosures

- Statements disclosure: time and total interest to pay off the card balance with only minimum payments
- Statements disclosure: payment amount needed to pay the balance in 36 months
- Clear due date and late payment penalty on statements
- Credit card agreements posted online
- Toll-free phone numbers for credit counseling and debt management services on statements

Young Customers

- Restrictions for offers to consumers younger than 21
- Union Plus offers credit card accounts only to individuals with an established credit history; there are no special student card accounts.
- Restrictions on line increases for those younger than 21
- No pre-screened offers to those younger than 21 without their opting to get these offers
- Gifts are not allowed in conjunction with marketing that takes place on or near campus, or at college events. The Union Plus program does not target college students.

To learn more about the Credit CARD Act of 2009 and test your knowledge about the new legislation, please go to www.UnionPlus.org/CreditCardAct.