WISER Fact Sheet

Women's Institute for a Secure Retirement

How the CARD Act of 2009 Helps You Protect Your Credit

The CARD Act (Credit Card Accountability, Responsibility, and Disclosure Act) takes effect in January 2010. It provides the credit card companies with regulations they must follow in order to increase the fairness of billing and ensure protections for consumers of credit. The specifics of the legislation are as follows:

- **It restricts all interest rate increases during the first year.** Credit card companies must give at least 45 days of advance notice about interest rate increases for future purchases.
- **It restricts interest rate increases on your existing balances.**
- **The act limits fees and penalty interest.** If your interest rate goes up because you have not paid the minimum amount on your balance within 60 days after it is due, the rate must go back down after you make minimum payments on-time for six months.
- **It requires credit card issuers to review your ability to pay** BEFORE raising rate limits or giving you a new credit card.
- **It creates gift card protections**, requiring gift cards to remain active for at least 5 years from the day of activation.
- **It requires credit card companies to establish reasonable due dates.** They must send bills to you no later than 21 days before the due date. Your payment must be credited as on-time if it is received before 5pm on this date.
- **The act makes further disclosure necessary.** The card issuer must tell you how long it will take to pay off a balance by making only the minimum payment each month. It must also tell you what the total cost of interest and principal payments would be on that balance.
- **The act protects young consumers.** Credit card companies are not allowed to give cards to those younger than 21 years of age unless they have an adult co-signer or have proof of the means to repay the debt.

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