

A Credit Card for College State Contest 1998 - Senior Situation

Kim is preparing to go to college this fall and managing her own money will be very important. She plans to get a credit card and so for the past several months, Kim has been reviewing several credit card applications that she has received in the mail.

She is finding it difficult to decide which the best card is. After looking through several applications, she has now decided what will be the most important considerations for the card she chooses:

1. Low, fixed Annual Percentage Rate (APR)
2. Credit limit of more than \$1,000
3. Maximum grace period
4. Low fees and penalties

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Credit Card	Credit Limit	Annual Fee	APR	Grace Period	Fees/Penalties
#1 Advant	\$5,000	None	6.9% for 3 months then 19.99% including cash advances	20 days if balance paid on due date	4% or \$5 minimum on cash advances \$25 late payment fee \$25 over credit limit fee
#2 Cap One	\$3,000	None	19.8% including cash advances	30 days if balance paid on due date	2.5% fee minimum on cash advances \$25 late payment fee \$25 over credit limit fee
#3 CBank	Balance available after application is made	None	6.9% for 3 months then 17.9% variable including cash advances	25 days if balance paid on due date	2.5% fee minimum on cash advances \$25 late payment fee \$25 over credit limit fee
#4 Last Bankcard	\$2,000	None	5.9% but 17.9% for cash advances	25 days if balance paid on due date	2% or \$2 minimum on cash advances \$25 late payment fee \$25 over credit limit fee

**A Credit Card for College
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Official Placing**

Placing 4-2-1-3

Cuts 3-1-2

I place this class of credit cards for college 4-2-1-3.

In my top pair, I place 4 over 2 because it has the lowest, fixed Annual Percentage Rate and a credit limit of over \$1,000. It also has the lowest rate for fees and penalties. I grant that 2 has a longer grace period than #4.

In my middle pair, I place 2 over 1 because it has a lower fixed annual percentage rate and a credit limit over \$1,000. It also has the longest grace period of all four choices and a lower rate for fees and penalties.

In my bottom pair, I place 1 over 3 because it has a fixed annual percentage rate and a credit limit of over \$1,000. I grant that it has a shorter grace period but higher fees and penalties rate than #3

I place 3 under 1 and leave it at the bottom of the class because it has a “variable” Annual Percentage Rate and no initial information on the credit limit.

For these reasons, I place this class of credit cards for college 4-2-1-3.

1234 – 36
1243 -- 42
1324 -- 33
1342 -- 36
1423 -- 45
<u>1432 -- 42</u>
2134 -- 37
2143 -- 43
2314 -- 35
2341 -- 39
2413 -- 47
<u>2431 -- 45</u>
3124 -- 31
3142 -- 34
3214 -- 32
3241 -- 36
3412 -- 38
<u>3421 -- 39</u>
4123 -- 49
4132 -- 46
4213 -- 50
4231 -- 48
4312 -- 44
4321 -- 45