

How to Read Your Credit Card Statement

Do you feel like your credit card statement is in a foreign language? Reading your credit card statement can be confusing.

“Going through your [credit card statement](#) can be challenging and time consuming, but reading it in detail every month is an essential part of managing your debt load successfully. If you skim through it, or worse, don’t read it at all, you could be paying extra charges and interest without even realizing it,” says Jeff Schwartz, executive director, Consolidated Credit Counseling Services of Canada.



“Additionally, you need to be vigilant for errors. They do happen and could be an indication that you’ve been a victim of [fraud](#). You need to be able to identify any questionable transactions and act on them in a timely manner to get support from your creditors to correct the problem,” says Schwartz.

While the location of these pieces of information may vary between credit card statements most of the content is essentially the same. Here are some pointers on how to read your credit card statement.

The rules

You are probably already aware that you are required to make your minimum payment every month, but did you know that you have a number of other responsibilities as a cardholder? Many of these have to do with protecting yourself and liability against charges- like not sharing your PIN number or account information and what steps you need to take to dispute errors.

If you’re not already familiar with this information, make a point of reading it on this month’s statement.

Transaction summary

This is a list of all of the transactions that you’ve completed during the last billing cycle. You’ll also see any fees or finance charges on the account. Be sure to review these transactions carefully to ensure that they are all legitimate.

If your card is being used by a fraudster, double checking your transactions will help to identify this.

It can help you to track your purchases throughout the month (making note of dates, amounts and vendor) to help you reconcile these. This practice can also help you track your spending.

Balance summary

This information shows your current balance on your card, as well as your credit limit and any over-limit charges. It's important not to max out your credit cards; if you've got several maxed out cards, it will harm your credit score.

Don't simply skip to the bottom line – review your balance summary with a fine-tooth comb. Pay special attention to any fees or finance charges applied to your account. A fee that is buried in the fine print can cause financial headaches down the road.

- The Fees:
 - **Annual fee.** This is what you pay the credit card company each year to keep your account open. It may be paid once per year, or spread out over 12 months. Not all credit cards have annual fees.
 - **Over-limit fee.** When you go over your credit limit, you incur an over-limit fee. This fee may be applied in addition to a penalty AIR/APR rate that also gets applied to your debts. The over-limit fee is usually applied once, while a penalty interest rate may be applied to an account for a period of six months or more, depending on which Credit Card Company issued the card.
 - **Cash advance fee.** If you take out cash advances on your credit card, you will see an additional fee. Keep in mind that your card may apply a higher rate to cash advances compared to normal transactions.
 - **Balance transfer fee.** Like cash advances, balance transfers may incur extra charges or have higher interest rates. It is especially important to pay attention to these rates if you're thinking about using a balance transfer fee as a do-it-yourself debt solution.

Minimum payment and due date

Your credit card company will have calculated your minimum payment for you and listed the due date. To keep your credit rating intact, ensure that you make that payment in advance of the due date, at least by a couple of days.

If possible, you should always aim to pay more than the minimum payment. Much of your minimum payment goes to service interest and doesn't do much to reduce the principal of your debt.

AIR/APR

This information provides you with your annual interest rate. You'll see either AIR or APR for this, depending on the term that your card uses. To determine what your monthly rate is, divide your card's AIR/APR by 12.

This can be handy when trying to determine how long it would take you to pay off your whole balance. It's eye-opening when you calculate your APR/AIR and see exactly how long it would take because of interest charges.

Rewards

If you get reward points with your credit card, your statement will include a summary of any points or other rewards accumulated during the billing period.

Be proactive with your credit card statement and avoid paying late fees.

Discover your individual score to help assess your current financial fitness level by taking a quick [Financial Fitness Test](#).

For more information on this and other financial literacy and credit issues, visit the [Money and Finances - Canada.ca](#) and [iiCanada Financial Literacy](#) resources page OR the [Jamati Budget Lounge](#), a web-based financial education centre that has been set up exclusively for our Jamat through Consolidated Credit Counselling Services of Canada, a national non-profit organization. The Jamati Budget Lounge offers unbiased debt-counselling service and offers alternatives to help people get their debts under control. In addition to offering solutions to alleviate and eliminate debt, the site also focuses on financial education and understanding. Strategies include teaching basic, but vital concepts such as how to: budget; understand credit; and manage money. The toll-free number **1-844-329-3834** has also been set up for our Jamat to speak to a trained credit counsellor from Consolidated Credit in English, French or Farsi on a confidential basis.

Although all communications will be confidential, any connections via the [Jamati Budget Lounge](#) or via the toll-free number to Consolidated Credit will be tracked for statistical purposes.