

**CONSUMER
CREDIT: GOOD
OR BAD FOR
FINANCIAL
FREEDOM?**



PROGRAMS

Center for the Women of New York

Join CWNY for a Zoom Webinar
Saturday, September 26
10:00am – 11:00 am
Art as Therapy



Presented by Argie Moutafis-Agelarakis
Artist & Adjunct Professor at Adelphi University and the School of Visual Arts

This presentation will explore the history and role of Art Therapy, its uses and benefits. How the creative process serves to heal, particularly in times of personal crisis and turmoil, will be examined as well as the simple process of creating for pure pleasure and

Health & Wellness in the Age of Quarantine Webinar



CW NY

CENTER FOR THE WOMEN OF NEW YORK

PARENTING SCHOOL CHILDREN DURING A PANDEMIC WORKSHOP

Tips and resources to manage the stress of virtual and blended learning

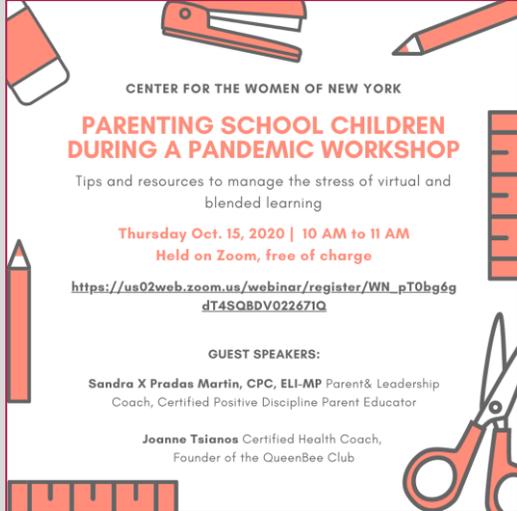
Thursday Oct. 15, 2020 | 10 AM to 11 AM
Held on Zoom, free of charge

https://us02web.zoom.us/webinar/register/WN_pT0bg6g_dT4SQBDV022671Q

GUEST SPEAKERS:

Sandra X Pradas Martin, CPC, ELI-MP Parent & Leadership Coach, Certified Positive Discipline Parent Educator

Joanne Tsianos Certified Health Coach, Founder of the QueenBee Club



CW NY CENTER FOR THE WOMEN OF NEW YORK

FC SB FIRST CENTRAL SAVINGS BANK **Member FDIC** 

THE POWER OF FINANCIAL INDEPENDENCE COVID AND BEYOND

Are you having trouble with budgeting during these unusual times? Join us for a conversation on financial literacy.

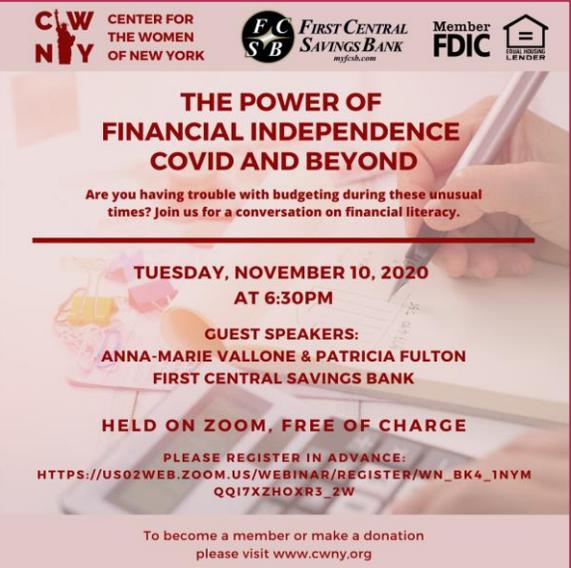
TUESDAY, NOVEMBER 10, 2020 AT 6:30PM

GUEST SPEAKERS:
ANNA-MARIE VALLONE & PATRICIA FULTON
FIRST CENTRAL SAVINGS BANK

HELD ON ZOOM, FREE OF CHARGE

PLEASE REGISTER IN ADVANCE:
[HTTPS://US02WEB.ZOOM.US/WEBINAR/REGISTER/WN_BK4_1NYM_QQ17XZHOXR3_2W](https://us02web.zoom.us/webinar/register/WN_BK4_1NYM_QQ17XZHOXR3_2W)

To become a member or make a donation please visit www.cwny.org



CENTER FOR THE WOMEN OF NEW YORK

INTIMATE PARTNER VIOLENCE AND STALKING AWARENESS PANEL DISCUSSION

A discussion on the response to Intimate Partner Violence and Stalking and resources available to victims and providers from the NYPD, Safe Center of Long Island and Mount Sinai SAVI.

**Tuesday, January 19th, 2021
7 to 8pm via Zoom**

Register at tinyurl.com/cwny-ipvsa

Panelists:

Sgt. Joseph Alohan
NYPD Domestic Violence Unit

Keith Scott
Director of Education at
The Safe Center

Alpana Patel, LCSW
Program Coordinator/Clinician at Mount Sinai Sexual Assault and Violence Intervention (SAVI) Program

CENTER FOR THE WOMEN OF NEW YORK PRESENTS

FIRST BUT NOT THE LAST

JOIN US AS WE CELEBRATE WOMEN'S HISTORY MONTH WITH QUEENS' FIRST FEMALE DISTRICT ATTORNEY MELINDA KATZ AND THE NYPD'S FIRST FEMALE CHIEF OF PATROL JUANITA HOLMES

**MARCH 11, 2021
6:00 TO 7:00 PM**

VIRTUAL EVENT
This is a free event

Register at:
<https://tinyurl.com/firstbutnotlast-QDA>



FOR MORE INFORMATION CONTACT EVENTS@CWNY.ORG

CW NY

SUPPORT SERVICES AND CLASSES

CENTER FOR THE WOMEN OF NEW YORK



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BILINGUAL SPANISH AND ENGLISH

Call 718-793-0672 and leave us a message or Email events@cwny.org with subject "one on one social worker sessions"

Please include your name and phone number and/or email address and we will get back to you as soon as possible.

Please call 911 if you are in immediate danger

Financial Literacy Series 



Tax Credits & Deductions Overview

Join us for the second part of our tax workshop, in which we will learn about tax credits and deductions:

- earned income
- child credit
- dependent care
- education

To view part one, on filing taxes visit <http://cwny.org/past-events/>

Wednesday, February 17th, 2021
8 - 9pm via Zoom

Guest Speaker, Kathleen Carroll, E.A.

Register via tinyurl.com/financial-2021



CENTER FOR THE WOMEN OF NEW YORK

LEGAL SUPPORT TEAM

CONTACT THE LEGAL SUPPORT TEAM AT LEGALSUPPORT@CWNY.ORG
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Legal information
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JOIN CWNY FOR OUR WEEKLY



CAREGIVER PHONE SUPPORT GROUP

Thursdays from 3pm to 4pm

FOR FAMILY MEMBERS WHO HAVE FOUND THEMSELVES TAKING CARE OF THEIR LOVED ONES. JOIN US TO DISCUSS THE ISSUES AND CONCERNS OF FAMILY CAREGIVERS. EMAIL EVENTS@CWNY.ORG TO REGISTER.




Center for the Women of New York
Empowering Women to Achieve Full Equality Since 1987



CENTER FOR THE WOMEN OF NEW YORK

ZUMBA CLASS

via Zoom
Wednesday 6pm
Friday 9am

CARDIO RESISTANCE CLASS

via Zoom
Tuesday 8am
Thursday 8am

Suggested donation \$5 to CWNY at cwny.org/donations/

To register for the class(es), write the specific event(s) in the subject line and send your name, email address and phone number to events@cwny.org





CENTER FOR THE WOMEN OF NEW YORK

Conversational English as a Second Language (ESL)

For more information:
 (718)793-0672  events@cwny.org

▶ cwny.org/past-events



Q & A

Your questions will be addressed after the presentation.

Use the Chat Box at the bottom of your Zoom screen to ask questions.

If you dialed in, email your questions to events@cwny.org





Help us learn what geographic areas we are reaching with our financial literacy series.

Click the link in the chat box.

If you dialed in, email your zip code to events@cwny.org

FEMALE FINANCIAL FREEDOM

CONSUMER CREDIT: GOOD OR BAD

FOR FINANCIAL FREEDOM?

Consumer Credit Defined

The word “credit” has many meanings. In the world of finance, credit is defined as “an arrangement to receive cash, goods or services now and pay for them in the future” Consumer credit refers to the “use of credit for personal needs” (Focus on Personal Finance, Kapoor, Sixth Edition). Consumer credit does not include home mortgage loans or loans for business purposes.

Types of Consumer Credit

Consumer credit includes credit cards and personal loans. Credit cards may be issued by banks or by merchandisers such as department stores and other retailers. Personal loans are most often obtained from banks and may or may not be held against other accounts at the bank (secured vs. unsecured). Lines of credit from checking accounts are also included.

Two types of Credit

Consumer credit can be “closed end” or “open end”. Closed end credit runs for a specific time frame and then it is paid off, and is usually for the purchase of a specific item, such as an auto loan or an installment loan for furniture. Open end credit, on the other hand, is a line of credit available for multiple purchases at various types of places, up to one’s credit limit.

Interest

All types of consumer credit involve the payment of interest. Interest is the sometimes the factor in credit that consumers think about least, but it is the factor that can make the use of credit very costly if not understood properly and used carefully. Interest is defined as “a periodic charge for the use of credit” (Kapoor, Sixth edition). This simple definition belies the complex problems that high interest can cause.

Credit Card Interest

Most credit cards do not charge interest if the total balance on a credit card is paid within within thirty days. For example, if one makes a purchase for \$25 on July 4, and then receives a bill that is due Aug. 1, and then pays the entire \$25 before Aug. 1, there will be no interest charge, and the card balance will return to zero. Interest charges on statements are often referred to as “finance charges.”

Reading a Credit Card Statement

Most people who have credit cards tend to carry balances on them. This is a typical situation and will not cause a consumer problems unless payments are made late or card balances outstanding are too high. However, in actually looking at a monthly statement, a consumer may realize the card may not be the great deal it seems to be.

Typical Billing Statement

ACCOUNT SUMMARY	
Previous Balance	\$ 1,880.97
Payments and Other Credits	- 131.00
Purchases	+ 0.00
Fees	+ 0.00
Interest Charges	+ 37.12
New Balance	\$ 1,787.09
Opening/Closing Date 09/09/2021 - 10/08/2021	
Days in Billing Cycle	30
Total Credit Line	\$3,000
Available Credit	\$1,212

Questions?
Log onto My Kohl's Charge, the Kohl's App or our
Automated Customer Service Phone System
24 hours a day @ 1-800-564-5740.

PAYMENT INFORMATION	
New Balance	\$ 1,787.09
Payment Due Date	11/04/2021
Minimum Payment Due	54.00
To Avoid Interest Charge Pay	\$ 1,787.09

Late Payment Warning: If we do not receive your minimum payment by the date listed above, you may have to pay a late fee up to \$40.00

Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:

If you make no additional charges using this card and each month you pay...	You will pay off the balance shown on this statement in about...	And you will end up paying an estimated total of...
Only the minimum payment	10 years	\$4,156.00
\$70.00	3 years	\$2,524.00 (Savings = \$1,632.00)

NEW YORK RESIDENTS MAY CONTACT THE NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES BY TELEPHONE OR VISIT ITS WEBSITE FOR FREE INFORMATION ON COMPARATIVE CREDIT CARD RATES, FEES AND GRACE PERIODS. NY STATE DEPT OF FINANCIAL SERVICES 1-800-342-3736
<http://www.dfs.ny.gov/consumer/creditdebt.htm>

If you would like information about credit counseling services, call 1-866-833-2227.

ACCOUNT ACTIVITY		
Transaction Date	Transaction Description	Amount
Payments and Other Credits		
10/03	REFUND OF LATE FEES	-\$38.00
10/03	THANK YOU FOR THE PAYMENT	-\$93.00
Interest Charged		
10/08	INTEREST ON PROTECTED BALANCE	\$35.87
10/08	INTEREST ON PROTECTED BALANCE	\$1.25
TOTAL INTEREST CHARGED FOR THIS PERIOD		\$37.12
2021 Totals Year-To-Date		
Total fees charged in 2021		\$27.00
Total interest charged in 2021		\$404.44

INTEREST CHARGES			
Your Annual Percentage Rate (APR) is the annual interest rate on your account.			
Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Interest Charges
Purchases	25.99%(V)	\$0.00	\$0.00
PROTECTED BALANCE	23.99%(V)	\$1,794.65	\$35.87
PROTECTED BALANCE	24.99%(V)	\$60.12	\$1.25

(V) = Variable Rate

KOHL'S MVC SUMMARY	
Current Kohl's Purchases	\$85.73

- Save even more!
- Spend \$600 by December 31, 2021 to reach the next level! You will enjoy even more perks and offers! To see a full list of benefits, log into your Kohls.com shopping account.

Typical Billing Statement

The billing statement on the previous page contains a lot of information. When one opens up a billing statement, usually one will look at the current amount due that must be paid, the date that it is due, and maybe not much else. But it is interesting to see where the numbers on this statement come from and what they mean to the consumer.

Reading the Statement

This sample statement is from Kohl's department store. As we had discussed in last month's webinar, department store cards are fairly easy to qualify for and are a good start in early credit building. However, some pitfalls can be seen right on this statement, including a high interest rate (in this case 25.99%), possible late charges (on which interest may accrue if balances are continued), and a statement about minimum payment warning.

Reading the Statement (continued)

The high interest rate of 25.99 % is typical of store cards and has nothing to do with the consumer's credit score. With this type of card, there is no "preferential rate". The same high interest is applicable to all cardholders. The rate applies to the outstanding balance on a monthly basis. On this statement, we see that the monthly interest (finance charge) was \$37.12. The minimum payment due is seen to be \$54.00

Doing the Math

In this case, the minimum payment of \$54.00 would cover the \$37.12 interest charge, leaving only \$16.88 to be applied toward the total outstanding balance of \$1,880.97. Additionally, if the payment was made even one day late (after 1 1/4), a \$38 late fee would apply, causing the outstanding balance to increase instead of decrease, even though no new purchases were made.

Reading the Warnings

Many consumers may find statements difficult to read or confusing. Much of the information contained on the statement has been required over the years to increase consumer protection and for consumers to better understand the financial implications of the cards.

Reading the Warnings

The sample statement includes two important warnings: a warning about the late payment charge, and a warning about the minimum payment. The warning about the minimum payment is an eye opener. If one made only the minimum payment on this card, it would take ten years to pay in full. Additionally, the consumer would be paying \$4,156.00 for items that were originally purchased for less than \$1,880.97. That is more than double the purchase price!

Reading the Warnings

The Minimum Payment Warning also shows that if a \$70.00 payment was made instead of the minimum \$54.00 payment, the time frame for full payment would be reduced to three years. The total balance paid would then be \$2,524.00. Even this is significantly higher than the initial purchase price, and would eliminate the benefit of any sales price or discount the consumer may have received at purchase.

Benefits of Credit Cards

Credit cards of all types, whether from department stores or banks, allow consumers to make purchases and do things they may not have been able to do with cash on hand. This is one of the reasons that credit is an important part of the economy, as it significantly extends the capability of consumers to purchase goods and services.

Drawbacks of Credit Cards

One of the biggest drawbacks of credit cards is that many times consumers can get in beyond their means, particularly as the average person has more than one card available for use. If one's financial circumstances change, or if employment is lost, it may be difficult to make the credit card payments. This will cause financial stress and possible damage to credit scores.

Credit Cards: Good and Bad

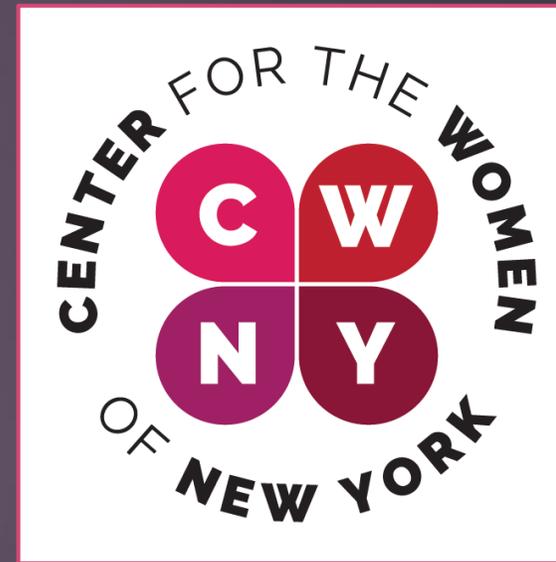
In the final analysis, there is no answer to whether consumer credit is good or bad for financial freedom. Certainly the use of credit gives one the opportunity to have make better purchases or have a higher standard of living, but in the end one must be capable of handling the payments and keeping balances in line.

More to Come

Thank you for attending. Next month we will address a related topic: Credit Scores: Mysterious but Important!

Thank You!

Kathy Carroll



Resources

Credit Cards - Consumer Financial Protection Bureau

<https://www.consumerfinance.gov/consumer-tools/credit-cards/>

Credit Management - Investor.gov - U.S. Securities and Exchange Commission

<https://www.investor.gov/additional-resources/information/youth/teachers-classroom-resources/credit-management>

Credit Cards 101 - Nerd Wallet

<https://www.nerdwallet.com/article/credit-cards/credit-cards-101>

11 Things to Know Before Getting Your First Credit Card - Nerd Wallet

<https://www.nerdwallet.com/article/credit-cards/things-to-know-first-credit-card>

Credit Card Overview, Advantages and Disadvantages over a Debit Card - Corporate Finance Institute

<https://corporatefinanceinstitute.com/resources/knowledge/other/credit-card/>

Credit Card Definition - Investopedia

<https://www.investopedia.com/terms/c/creditcard.asp>

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