

What's in your wallet?

Take this test to see if you are credit card saavy:

1. Do you know what the current interest rate is for purchases on each of the cards in your wallet?
2. Do you know whether or not the card calculates the finance charges on a one cycle or two cycle billing method?
3. Do you know which of your cards offers rewards or cash back on purchases?
4. How do you determine which card to use in each circumstance?

The interest rate on purchases can vary from 0 to 30%, and that will make a huge difference on how much a new purchase will end up costing you. Don't be misled into thinking that the great offer you got to transfer balances to a 0% rate includes your purchases. Most current offers get you hooked with the transfer and then ding you with a fairly high interest rate on new purchases. I know you hate the small print, but reading it will be good for your bottom line.

There are many confusing concepts and calculations surrounding how your current finance charges are calculated on a monthly basis. Most consumers have never heard of a "two-cycle billing method" let alone know how it works. In this case, if you don't pay the entire balance, the finance charge is based on the sum of the average daily balances for both the previous and current months. So if you are maintaining a fairly high balance, this two-cycle method could be costing you even more than credit cards calculating on a one cycle billing method. Note: You are only charged for a two-month time period in the first month you don't pay all charges. Again, you can read all about this in your terms and conditions on your credit card bill.

The new rage in credit cards is gas rebates. With the insanely high price of gas everyone is looking for a way to lessen the pain at the pump. There are as many different rewards, incentives, frequent flyer miles earned, and even hard cold cash back for using your card as there are credit card offers. So if your card isn't giving you any of these perks, why are you using it?

If you carry more than one card, you really should carefully plan which card you use for which purchases. If you are planning a large purchase and you know you will not be paying it off in full when your statement arrives, make sure you are getting the very lowest interest rate on new purchases offered by any of your cards. In some cases, it will make sense to apply for a new card that offers a great introductory 0% or low interest rate on new purchases. Read the fine print.

So next time you pull out that plastic, make sure you are picking the right card for the right reasons!

Take the sting out at the pump with BP Rewards VISA [click here](#). Start saving \$100's now with a 0% Business Card offer [click here](#). This is another great resource brought to you by the Baglady Team. Visit us often at www.bagladysguide.com.