Washington, D.C. - Today, US Rep. David Price (NC-04) introduced legislation that would affect every consumer who uses a credit card.

The bill, called the Credit Card Minimum Payment Warning Act of 2005, mirrors a version in the Senate (S. 393) introduced by Senator Daniel Akaka (D-HI). It would require credit card issuers to disclose more information to consumers about the increased costs associated with making only their minimum monthly payment. The bill's personalized, timely disclosures would help over-extended consumers avoid falling into the trap of perpetual debt, in which minimum payments cover only a portion of monthly interest charges and never begin reducing debt principal. Consumers simply deserve to have better information from credit card companies in order to make informed decisions about debt management.

"Middle class families are carrying record levels of debt, and credit card issuers exacerbate the problem by deliberately lowering their minimum monthly payment requirements," said Price. "Consumers don't realize they could be digging themselves further into debt with each passing month. They should have access to honest information, not deceptively easy terms that will get them into more debt trouble."

"Our legislation will provide a wake up call for consumers. It will make it very clear what costs consumers will incur if they make only the minimum payments on their credit cards," said Senator Akaka. "The personalized information they will receive for each of their accounts will help them to make informed choices about the payments that they choose to make towards reducing their balance."

The Credit Card Minimum Payment Warning Act would require credit card companies to include five important pieces of information on each customer's monthly statement:

1. a warning that making only the minimum monthly payment would increase the amount of interest paid;

2. information on how long it would take the consumer to pay off his/her entire balance if making only the minimum monthly payment;

3. information on how much it would cost the consumer to pay off his/her debt at the minimum monthly payment rate, including all principal and interest;

4. information on how much the consumer would have to pay per month if he/she wanted to pay off the balance in three years;

5. a toll-free number that consumers could call for credit counseling. The bill also includes a requirement that the Federal Reserve and the Federal Trade Commission jointly screen credit counseling agencies to ensure that they are trustworthy.

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