



Is Paying for College With a Credit Card a Smart Option? CardRatings.com Explains

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Understand the pros, cons, and options for paying tuition with a credit card

Foster City, CA – Aug. 6, 2020 – While it remains unclear whether students head back to class this fall, college tuition will still be due. Credit cards have become an increasingly popular way to pay for some education costs, and [CardRatings.com](https://www.cardratings.com) assesses whether or not this is a good payment option.

The leader in credit card ratings explains that many college students likely wouldn't qualify for a credit limit high enough to cushion the costs of tuition, but a parent using a credit card as a rewards strategy could be beneficial.

What to Consider Before Using a Credit Card to Pay for College Tuition

- **Convenience fees:** Universities often tack on a convenience fee to credit card transactions.
- **Credit card rewards:** Putting a large purchase on a card can earn handsome rewards. But this may or may not be a clear advantage.
- **Credit card welcome bonuses:** Some credit cards offer welcome bonuses, and paying for some college expenses can help users reach the threshold required to earn a bonus.

The average interest rate on federal loans dispersed between July 1, 2020, and before July 1, 2021, was 2.75% to 5.30%, according to the U.S. Department of Education. "Even the best credit card rate doesn't come close to that average," explains Jennifer Doss, editor for CardRatings. "Generally, credit card interest rates range from the upper single digits (8-9%) well into the high 20% zone."

Even with interest rates in that range, there are viable options to use a credit card to pay for a portion of college costs:

- **Zero percent APR credit cards:** Cards that [offer a 0% intro APR](#) period on new purchases can act as an interest-free loan, but they only make sense if the borrower pays off the balance in full before the promotional period expires.
- **Student credit cards:** Students footing tuition bills are likely relying on loans. While [rewards cards](#) can be beneficial in handling tuition costs, a [student credit card](#) may be more helpful for handling smaller expenses such as parking fees, books, groceries and gas.

Find the full report here: [Should you pay college tuition with a credit card?](#)

Jennifer Doss, CardRatings editor, is available for comment on the pros and cons of using credit cards to pay for college expenses and tuition.

About CardRatings.com

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Media Contact

Charlene Arsenault

Media Outreach Specialist

508-832-8918

carsenault@quinstreet.com

[LinkedIn](#)