

The 'Apple Card' Is Apple's New Credit Card. Is It Right for You?

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Apple on Monday announced the Apple Card, a new credit card it says will make it easier for customers to track their spending habits, pay their bills on time and more.

The Apple Card, issued in partnership with Goldman Sachs and MasterCard, is managed through a redesigned Wallet app on the iPhone. It offers a competitive interest rate, variable cash back on purchases, and an all-titanium physical card for use at merchants that don't support the company's contactless Apple Pay option. (Dropping your weighty titanium card on a dinner table will no doubt impress when it's time to pick up the check.) It advertises no annual fee and no late fees, either.

But is the Apple Card right for you? Here's what the experts said.

How's the Apple Card interest rate?

Interest rates are the bane of all credit card owners, and Apple's implementation isn't much different from the rest. The Apple Card has a variable interest rate, ranging from

13.24% to a whopping 24.24% based on your credit — or FICO — score. The better the score — anything from 670 to 739 is considered “good” — the lower your interest rate.

“They’re definitely rewarding people with better credit because you do get to start at a lower [interest rate],” says [Stacey Tisdale](#), financial behavior expert and [author](#) of *The True Cost of Happiness: The Real Story Behind Managing Your Money*. “But this wide range also shows that they are going to have a significant rate range for people with bad credit.”

That variable interest rate might put certain customers off, but it’s more common than you might think. “You normally see ranges of around 15%, maybe about 25% APR,” says [Sara Rathner](#), credit card expert at [NerdWallet](#). “So they’re at the low end of the range, and it’s a little bit lower than I’ve seen.” It’s also a better interest rate than that of Apple’s previous branded credit card, the [Barclaycard Visa with Apple Rewards](#).

What’s the Apple Card cash back system?

In lieu of points or miles, the Apple Card offers what the company is calling Daily Cash. As you spend money with the Apple Card, you’ll get money that you can spend, send to friends through Apple Cash, or use to make payments on your card balance. The speed at which you get Daily Cash depends on your spending habits.

Purchases from any official Apple storefront (including the App Store and in-app subscriptions) will net you three percent Daily Cash. You'll get two percent back on every purchase made using Apple Pay itself, either with your iOS device or on the web. For other purchases made using the physical Apple Card, you can expect a paltry one percent cash back.

But unless you're buying Apple Watch bands and iPhone cases at the same rate you buy gasoline, that 3 percent option will go largely unused. "You know Apple fans who maybe have a major Apple purchase coming up, like a new laptop, might be interested in getting the three percent cash back, but oftentimes Apple products aren't something that you buy all the time," says Rathner. That two percent back isn't particularly special either, with cards like Citi's Double Cash card offering two percent cash back on all purchases, as well as no annual fee.

What's more, Apple Card customers might be less satisfied after realizing a few bucks here and there doesn't provide the same satisfaction as a trip to Disney World. "People tend to react more to big incentives, like with miles when you get an airplane ticket," says Tisdale.

What's the Apple Card app like?

The Apple Card is tied to a redesigned version of Apple's Wallet app. Using that app, customers can track their spending, schedule payments (even multiple payments in a

single month), and see in real time how payments of different amounts will affect their balance and interest owed, if any. The app, experts say, could help customers practice better financial hygiene.

“I hope that Apple sees the opportunity that it has to make an impact on the public’s relationship with money,” says Tisdale. “And I hope they take that very seriously because financial education in this way is greatly needed.”

Is the Apple Card really fee-free?

While the Apple Card doesn’t have an annual fee or late fees, people who miss their monthly payments can expect to see their interest rates increase. For people with existing credit card debt, that could quickly become just as painful — or moreso — than regular late fees.

Nearly half of all U.S. households carry nearly \$7,000 in revolving credit card balances each month, according to a NerdWallet study, and one in 11 households fear they’ll never pay off their debt. “So a lot of times consumers have to make really difficult choices when it comes to paying down debt versus paying other bills every month,” says Rathner.

What’s up with that titanium card?

The physical Apple Card is made of titanium, and Apple made a big show of its production value. It’s just the latest in a

string of heavyweight status-symbol credit cards, like the Chase Sapphire Reserve or American Express' Platinum Card.

“It definitely creates a sense of luxury and power when you like plunk it down on a counter to pay for something because it’s heavy,” says Rathner, who noted the relative rarity of a metal cash back-only credit card. “And you know Apple is all about simple beautiful design. They have a very specific aesthetic, so I’m not surprised that their physical credit card is as beautifully designed as many of their other products.” Depending on how much street cred an Apple Card will carry, opting to receive a single percent back might be the ultimate power move — but don’t forget you’ll only get 1% cash back when you use it instead of Apple Pay.

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