

APY vs. APR Cheat Sheet

Use this one-page reference to compare deposit accounts and borrowing offers without confusing yield with borrowing cost.

Question	APY	APR
What it stands for	Annual Percentage Yield	Annual Percentage Rate
Used for	Savings and other deposit accounts	Credit cards, mortgages, personal loans, auto loans
What it tells you	Annualized yield with compounding reflected	Annualized borrowing disclosure; treatment depends on loan type
Fees	Usually compare separately from APY	Can be built into many loan APR disclosures

Quick rules

- Compare savings accounts by APY first, then check fees, balance rules, and access.
- Compare similar loans by official APR disclosures, then inspect fees, terms, and total payments.
- Do not compound an APY again; APY already reflects compounding.
- Do not assume a credit-card APR means interest is charged only once a year.
- Do not treat a mortgage APR like a savings-account APY.

Visual math checkpoints

Same hypothetical 5.00% nominal rate on \$10,000 for one year:

Frequency	Effective Yield	End Balance
Annually	5.0000%	\$10,500.00
Monthly	5.1162%	\$10,511.62
Daily (365)	5.1267%	\$10,512.67

Account comparison reminder

Account A: 4.00% APY, no fee → \$400 interest on \$10,000.

Account B: 4.20% APY, \$5 monthly fee → \$420 interest, \$60 fees, \$360 net.

Takeaway: the higher APY did not produce the higher net result.

What to write down before choosing

- Product and institution
- APY or APR label
- Fixed or variable?
- Fees or qualifying rules
- Balance, amount financed, and term
- Dollar earnings or cost in your scenario
- Official source and date checked

Educational use only. Rates in the examples are hypothetical and are not current offers.