



# CREDIT VERSUS DEBIT

Although they look similar, credit and ATM/debit cards allow you to use money differently. Review the chart to see the differences.

	<b>ATM/Debit Cards</b>	<b>Credit Cards</b>
<b>Payments</b>	<ul style="list-style-type: none"> <li>• Buy now, <b>pay now</b>.</li> </ul>	<ul style="list-style-type: none"> <li>• Buy now, <b>pay later</b>.</li> </ul>
<b>Interest Charges</b>	<ul style="list-style-type: none"> <li>• <b>No charges apply</b> as funds are automatically debited from your checking account.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Charges will apply</b> if you carry a balance or if your card offers no grace period and you incur interest charges.</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>• <b>Fees</b> on certain transactions (for example: an ATM fee charged for withdrawing funds from an ATM not operated by the bank that issued your debit card).</li> <li>• Potentially costly fees if you try to spend more money than is available in your account.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Fees and penalties</b> can be imposed if payments are not timely.</li> <li>• <b>Some cards have annual fees.</b></li> <li>• <b>Not all cards offer grace periods</b> (time to repay without incurring interest charges).</li> </ul>
<b>Other Potential Benefits</b>	<ul style="list-style-type: none"> <li>• <b>Easier and faster</b> than writing a check.</li> <li>• <b>No risk</b> of losing cash that you cannot replace.</li> <li>• Some cards may offer <b>freebies or rebates</b>.</li> <li>• As long as you do not overdraw your account, debit cards are a good way to pay for purchases without borrowing money and paying interest.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Freebies</b> sometimes offered (for example: cash rebates, bonus points, or travel deals).</li> <li>• You can <b>withhold payment</b> on charges in dispute.</li> <li>• If you manage your credit card carefully, <b>your credit score may go up</b> and you may qualify for lower interest rates on loans.</li> </ul>
<b>Other Potential Concerns</b>	<ul style="list-style-type: none"> <li>• Usually there are <b>no protections</b> against faulty goods and services.</li> <li>• You need another way to pay for unexpected emergencies (for example: car repairs) if you do not have enough money in your bank accounts.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Overspending</b> can occur, since the credit limit may be higher than you can afford.</li> <li>• If you do not pay your card balance in full each month, or your card does not have an interest-free grace period, <b>you will pay interest</b>. This can be costly, especially if you only pay at or near the minimum amount due each month.</li> </ul>

## CREDIT CARD RESPONSIBILITY TIPS

- Keep track of what you are charging. It can be easy to spend more than you realize.
- Read your monthly statements carefully and make sure all of the charges are accurate.
- Pay off your full balance every month.
- Always pay your balance on time to avoid late fees and build a positive credit history.