

DEBIT *versus* CREDIT

WHAT'S THE DEAL WITH DEBIT?

A debit card is an easy way to use the money in your checking account without having to write a check. The **most important thing** to remember about debit cards is that the money is taken out of your account almost immediately, rather than having to pay for all your purchases at the end of the month like a credit card. Debit cards are handy tools when used correctly, but you must pay attention when using any kind of card.



Debit cards are swiped like credit cards, but the money comes directly out of your checking account. Because this money comes directly out of your checking account, it is very important to keep track of how much money you're spending so you don't overdraw your account. It's a good idea to keep track of your debit card spending in your check book register, because that is where the money comes from and it will help reduce the risk of overspending.

CARD SMARTS

When using a **credit card**, you're borrowing money from the credit card company. The company pays for the item you purchased, and you pay the credit card company back at the end of the month. If you spend more of the borrowed money than you can afford to pay back, the credit card company will allow you to pay part of the bill that month, and pay the rest the next month.

They will charge you interest on the remaining money owed, and interest adds up fast. A good rule to follow when using credit cards is not to spend more than you can afford to pay back. That way you won't owe the companies interest and you will build good credit

did you know...

Young Americans Bank offers debit and credit cards! For more information on how to become a credit or debit savvy individual, speak with one of our representatives.





DANGER AHEAD

*which of the following are danger signs for
debit or credit cards?*

- _____ 1. Your monthly credit card payments equal about half of your take-home pay.
- _____ 2. You don't know how much money you have in your checking account.
- _____ 3. Completing every new credit card application that you receive in the mail.
- _____ 4. You have such a good memory that you don't need to keep receipts to write down in your checkbook register.
- _____ 5. Using a cash advance from one credit card to make a minimum payment on another credit card.
- _____ 6. You don't use a checkbook register because you can check your statement online any time.
- _____ 7. Receiving a letter that announces that your credit limit has been increased because you are such a responsible borrower.
- _____ 8. Your best friend knows your PIN number.
- _____ 9. Opening up new credit accounts at a number of stores so you can enjoy a 10% discount on your purchases instead of paying cash as you had planned.
- _____ 10. You constantly use your debit/ATM card to get \$20 out of your account.

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