

Debit Card (+) Advantages

Buy now, pay now

Operates like a check or cash

No interest charges

Withdraw cash at ATM using PIN (personal identification number)

No annual fee

Federal law limits liability to \$500 if the card is reported missing before someone uses it

Debit Card (Δ) Disadvantages

• Monthly maintenance and overdraft fees may apply

• ATM charges for out-of-network banks

• Debit card use is not a way to build credit history; activity is not reported to credit bureaus

• There is a \$500 liability if the card is reported missing more than 2 business days after a loss/theft, but less than 60 calendar days after a statement is sent

Credit Card (+) Advantages

Buy now, pay later

Flexibility to make purchases anytime and anywhere

Grace period is usually 25 days

\$50 liability if card is stolen

Credit Card (Δ) Disadvantages

• Must qualify

• Terms and fees may change

• High interest rates usually apply on unpaid balances