

DEBIT CARDS — THE EXTRA PROTECTIONS

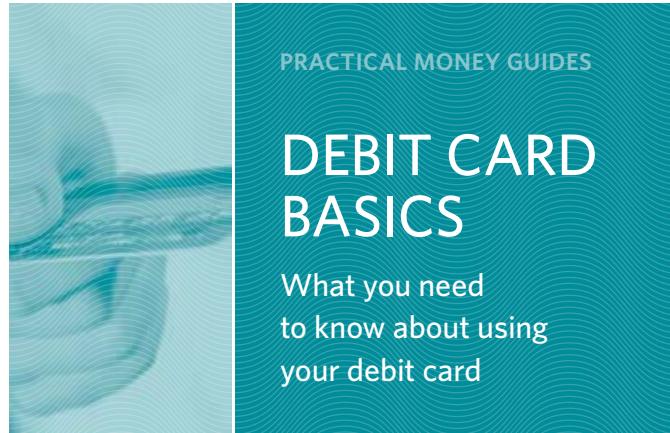
Did you know that many of the same features and protections offered by credit cards are also offered by debit cards?

ZERO LIABILITY This generally means you're not liable for unauthorized purchases made on your debit card as long as you notify your financial institution immediately. Check with your financial institution to make sure Zero Liability applies to your card.

FUNDS AND FRAUD Federal law mandates that financial institutions replace funds for losses resulting from fraudulent card use within ten business days of notification. However, in many cases, you'll have access to funds within five business days of notification – sometimes sooner.

THE RIGHT TO DISPUTE You may have dispute resolution options should an issue arise with a debit card purchase. This often applies to signed purchases only. Check with your card issuer, and save all of your receipts.

Practical Money Skills for Life™



MONEY IN THE BANK

If credit cards mean “pay later,” debit cards mean “pay now.” These cards are tied to your bank account and using them is like paying with cash or a check. With debit cards, you must have money in your account to cover your purchases. These cards look similar to credit cards so make sure you are using the correct card.

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PRACTICAL MONEY GUIDES

- BUDGET BASICS
- CREDIT HISTORY
- CREDIT CARD BASICS
- DEBIT CARD BASICS**
- PREPAID CARD BASICS
- IDENTITY THEFT

Understanding how to manage your finances provides an invaluable tool in taking control of your life. Wise use of these skills can provide peace of mind, financial freedom, increased buying power and a secure future. This guide is one of a series on **PRACTICAL MONEY SKILLS FOR LIFE.**

Using Debit Cards

In recent years debit cards have risen in popularity, often replacing payment by cash and check. A debit card is unlike a credit card in that it is tied directly to a checking account. When you make a purchase with a credit card, you are essentially taking out a loan of money from the card issuer, whereas a debit card purchase withdraws money directly from your checking account.

There are of course benefits to each method. Credit card users who pay off their bill each month benefit from a free loan of money. On the other hand, consumers concerned with debt load can limit their spending by using debit cards, which only allow them to spend only as much as they have in their checking account.

Because your debit card is tied to your bank account, there are specific considerations and precautions to keep in mind when using them.

Stay in Check

Always know your current bank account balance and available funds. And don't forget about checks that haven't cleared your account.

Consider opening an online bank account that allows you to manage debit card purchases, checks and bill paying all at once. You'll have a one-stop shop for managing all the ins and outs of your account.

When Using a Debit Card, Don't Forget to:

- Keep sales and ATM receipts or copies.
- Record your transactions in your check register as soon as possible or check transactions online.
- Remember to account for any bank fees that may apply.
- Review statements carefully. If you suspect a mistake or fraudulent use, call your financial institution immediately.

Stop Surcharges

Many banks charge a fee if you use another institution's ATM with your debit card. Instead of paying extra, choose a bank or credit union with ATMs convenient to where you live and work or that are part of a surcharge-free network; use your debit card to get cash back when making purchases. Also consider using your debit card to get cash back when making purchases.

Be Secure

For maximum security, take advantage of free alerts for your debit card. Some financial institutions offer automatic alerts by phone, text message or email.

RECEIVE CUSTOMIZED ALERTS WHEN:

- ATM withdrawals or any debit card activity exceeds your set dollar limits
- Your online ID or passwords change
- Large transactions are made

KNOW YOUR LIMITS

Many debit cards have daily spending and cash withdrawal limits. These limits are meant to protect you in case your card is stolen. But remember, your card might be declined if you exceed your limits even if you have enough money in your account. Know your limits and contact your lender if you need to raise or lower amounts.

Also remember to track your spending. When you make a purchase, withdraw money from your account or pay bills that exceed your account balance, you may be subject to "overdraft fees." Some financial institutions offer overdraft protection and if you've signed up for it, they'll cover your check or debit transaction so it doesn't bounce. But this protection often comes at a price: you may be charged a fee for each purchase that uses overdraft. Balance your account regularly to avoid added fees.

Keep a Secret

Your debit card will require a Personal Identification Number (PIN) for security. Choose a unique number. Avoid obvious choices like your address, phone number or birth date.

Always keep your PIN private. Memorize it. Don't write it down anywhere. And never tell it to anyone. If you feel your PIN has been compromised or someone may have identified it, change your number immediately by contacting your financial institution.

Hit the Road, Plan Ahead

Like credit cards, debit cards are accepted at millions of locations worldwide. For your protection, your financial institution may place an alert on your account if the card is used out-of-state or in a foreign country, or if the transaction falls outside your normal spending patterns. If possible, let your bank know your travel plans in advance.

Know When A Hold Has Been Placed

Sometimes, when you use your debit card for a credit-type transaction your bank or credit union may place a temporary hold on your account until the transaction has been completed. For example, if you use your debit card to reserve a hotel room, funds sufficient to cover the length of your stay will be "held," even though the money isn't actually deducted from your account until the final bill is settled - for example, until room service and phone charges can be calculated. Many people use a credit card in these situations so they don't tie up their checking account balance.