

creating &
managing
wealth

CREDIT CARDS VS DEBIT CARDS WHAT'S THE DIFFERENCE?

Both are plastic, both behave like money, but the credit card has better protection

CREDIT CARDS

- Allow consumers to borrow money from the card issuer up to a certain limit in order to purchase items or withdraw cash.
- Cardholders agree to pay the money back, with interest, according to the issuer's terms.
- Users can receive cash, discounts, points, and other rewards.
- Consumers who pay off their cards in full and on time every month can profit by running purchases through reward cards.
- Use is reflected on a credit report, which allows responsible spenders to raise their scores with good history.
- May provide additional warranties or insurance for purchased items.
- Fair Credit Billing Act limits liability on stolen cards to \$50, and if you report the loss before your card is used, you are not responsible for any charges.
- Credit card holders are not assessed disputed unauthorized charges.

Keys:

- Helps build credit
- You pay later
- You could pay interest
- Has fraud protection

DEBIT CARDS

- Allow bank customers to spend money by drawing on funds they have deposited at the bank.
- Offer the convenience of credit cards and many of the same consumer protections.
- Usually few or no associated fees on debit accounts.
- Draws on money the consumer already has, eliminating the danger of racking up debt.
- Electronic Funds Transfer Act allows you to dispute an error on your bank statement.
- For unauthorized card purchases, your liability is capped at \$50 if you notify your bank within two days of realizing your card is missing.
- Between two days and 60 days, you could be responsible for paying up to \$500 of fraudulent charges.
- If you wait over 60 days to contact the bank, you may be responsible for all unauthorized charges.

Keys:

- Doesn't build credit
- You pay in real time
- You won't pay interest
- You could be liable for fraudulent charges

If you have any questions, or need help securing your financial future please contact us at (877) 514-9477.

The information presented does not constitute investment advice and is not intended as legal or tax advice. For legal or tax advice, please consult an attorney or tax consultant.



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