

# Advantages and Disadvantages of Credit Cards





## Advantages and Disadvantages of Credit Cards

Advantages	Disadvantages
<p><b>Convenience</b>--Credit cards can save you time and trouble--no searching for an ATM or keeping cash on-hand.</p>	<p><b>Overuse</b>--Revolving credit makes it easy to spend beyond your means.</p>
<p><b>Record keeping</b>--Credit card statements can help you track your expenses. Some cards even provide year-end summaries that really help out at tax time.</p>	<p><b>Paperwork</b>--You'll need to save your receipts and check them against your statement each month. This is a good way to ensure that you haven't been overcharged.</p>
<p><b>Low-cost loans</b>--You can use revolving credit to save today (e.g., at a one-day sale), when available cash is a week away.</p>	<p><b>High-cost fees</b>--Your purchase will suddenly become much more expensive if you carry a balance or miss a payment.</p>
<p><b>Instant cash</b>--Cash advances are quick and convenient, putting cash in your hand when you need it.</p>	<p><b>Unexpected fees</b>--Typically, you'll pay between 2 and 4 percent just to get the cash advance; also cash advances usually carry high interest rates.</p>
<p><b>Perks</b>--From frequent flier miles to discounts on automobiles, there is a program out there for everyone. Many credit card companies offer incentive programs based on the amount of purchases you make.</p>	<p><b>No free lunch</b>--The high interest rates and annual fees associated with credit cards often outweigh the benefits received. Savings offered by credit cards can often be obtained elsewhere.</p>
<p><b>Build positive credit</b>--Controlled use of a credit card can help you establish credit for the first time or rebuild credit if you've had problems in the past--as long as you stay within your means and pay your bills on time.</p>	<p><b>Deepening your debt</b>--Consumers are using credit more than ever before. If you charge freely, you may quickly find yourself in over your head--as your balance increases, so do your monthly minimum payments.</p>
<p><b>Purchase protection</b>--Most credit card companies will handle disputes for you. If a merchant won't take back a defective product, check with your credit card company.</p>	<p><b>Homework</b>--It's up to you to make sure you receive proper credit for incorrect or fraudulent charges.</p>
<p><b>Balance surfing</b>--Many credit card companies offer low introductory interest rates. These offers allow you to move balances to lower-rate cards.</p>	<p><b>Teaser rates</b>--Low introductory rates may be an attractive option, but they last only for a limited time. When the teaser rate expires, the interest rate charged on your balance can jump dramatically.</p>

## IMPORTANT DISCLOSURES

Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, or legal advice. The information presented here is not specific to any individual's personal circumstances.

To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.

These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable—we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.

American Private Wealth  
781-300-7777  
[www.AmericanPrivateWealth.com](http://www.AmericanPrivateWealth.com)

