

Why use cash when you can use plastic?

Ever notice all the commercials for credit cards? Ever notice all the ads for using your debit card? Studies have shown that people spend more when they use "plastic", and guess what-- debit cards (which contain a Visa logo!) are also plastic. So even though the money is coming directly out of your checking account, you may tend to spend more using your debit card than if you paid by cash or check. Notice that the message in the debit card commercials is "speed up how you pay"? Well, speeding up how we pay is causing us to spend more. And the more we spend, the less we have saved for important things like education, retirement or necessities like the mortgage. I notice every ad on TV for debit and credit cards because I fear that we are learning our money management habits from TV and we are not using common sense. Ever wonder why the banks (your local bank and your credit card company alike) are pushing us to pay with plastic? Is there really a benefit to using credit or debit instead of cash or a check? I think the benefit goes to the banks only: the more you charge, the more interest they can charge. The less you have in your checking account, the less interest they have to pay YOU. And the more you spend, the less likely you are to be able to pay it all off every month, and then you are charged late fees, over limit fees, overdraft fees and interest on the amounts overdrawn. Just something to think about!

For more information on how to manage your money wisely to obtain a good credit score, or for questions about debt collectors, identity theft or problems with your credit report, contact Sarah Poriss at info@sarahporiss.com.

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