

**PARENT TOPIC 8  
SAVVY SHOPPING**

# Low Cost Options: Tips for Families

## 1. Credit card – Credit cards are not for everyone

A credit card (or higher credit limit) is easy to obtain and a card is very easy to use, and to keep using up to your credit limit! Some people find they don't have the discipline to control their spending on credit and make the sensible decision to do without a credit card. Is this the right choice for you?

### What type of credit card?

If you decide you want a credit card, you have the choice of two types: those with interest free days and those which have no interest free days.

Cards with an interest free period work best if you pay off your balance in full each month and avoid cash advances. The no-interest-free-period card will suit people who do not pay off their outstanding balances each month.

### Watch out for fees

Depending on how you use your card, fees can add a lot to the cost of your card. Commonly charged fees include:

- annual account fees
- fees to use rewards programs
- fees for late payments
- payment dishonour fees; and
- fees for exceeding your credit limit.

## 2. Debit cards – another option

If you find you are running up too much on credit, you have another option. If you're after the convenience of a card but don't want to get into debt, then you use a DEBIT card instead.

A debit card can be used to pay for purchases with funds that are immediately deducted from the cardholders bank account.

## 3. Cash advances – BEWARE!

Even if you have an 'interest-free days' card, you pay interest immediately for withdrawing cash from your credit card. Any payments you make will not repay the cash advance until all previous credit advances have been repaid in full. You will also lose the benefit of the interest free period until you clear your account of the cash advance.

## 4. ATM withdrawals - try not to use other bank ATMs for withdrawals – there is an extra charge for this.

**Assess your situation** – If you have two or more cards you could get into trouble with repayments and more interest.

Remember store cards charge the highest interest of all!