

## Smart Spending

### *Debit card dos and don'ts*

A debit card lets you make purchases using the money in your bank account so you don't have to carry cash. Perhaps that is why debit cards have surpassed personal checks in popularity — and debit-card transactions have recently topped credit card sales for the first time. Still, like all things plastic, there are dos and don'ts of which debit-card users should be aware:

#### **Do report a lost or stolen card immediately**

Debit cards are not afforded the same fraud protection under federal law as credit cards. If your debit card is used fraudulently, you could be liable for up to \$500 unless you report the card's disappearance within two days. After 60 days, you could be on the hook for the entire account balance. By contrast, if your credit card falls into the wrong hands, you may have to pay a maximum of \$50 (and most credit-card companies won't charge even that).

#### **Do get a card with a MasterCard® or Visa® logo**

Both companies have extended their credit-card policy to debit cards with their logos — not as strong as having federal protection, but a solid second-best.

#### **Don't aim for overdraft protection**

Making a debit-card purchase that exceeds the funds available in your account will likely trigger a penalty of at least \$25. Overdraft protection will save you the \$25, but you still get penalized at a lower amount. Plus, banks often include the amount of your overdraft protection in your "available balance," potentially encouraging you to tap into it, incurring both overdraft fees and interest payments.

#### **Don't forget the hidden fees**

When using debit cards abroad, expect to be hit with service fees on each purchase. Be aware, too, that service fees can be assessed at home as well. The jury is still out on whether it's best to punch in your personal identification number (PIN) or provide a signature when given a choice at the cash register. Dove Consulting, a Boston-based firm, found that transactions using a PIN are 15 times more secure than those requiring a signature. But your bank may charge for PIN transactions or grant rewards points for signature transactions alone.

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