

## Title:

Credit Cards - Can You Live Without Them?

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## Summary:

In 2007, having a credit card is no longer a luxury or even a convenience - it's a necessity. You can't rent a car, check into a motel, or order online without a credit card.

## Keywords:

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## Article Body:

Credit Cards - Can You Really Live Without Them?

In 2007, having a credit card is no longer a luxury or even a convenience - it's a necessity. You can't rent a car, check into a motel, or order online without a credit card. If you want a cell phone, you'll probably have to purchase prepaid minutes - at a premium - unless you have some plastic with your name on it. And without a credit card, you either have to carry around a lot of cash, make frequent trips to the bank, or hope that the stores you patronize will accept your personal checks.

Credit Cards Can Be Lifesavers in the Case of an Emergency

Worst of all, people who lack sufficient access to credit are the most likely to use payday loan services. Later in this series we will explore this subject in depth, but for now, just consider this: If a single mother is hit with a sudden, unexpected expense - say a car repair for \$600 - what can she do if she doesn't have the money? She needs the car to get to work, and she doesn't know anyone who can afford to lend her the money out of friendship. So she decides to use the local payday loan shop and ends up paying a 530 percent APR (annual

percentage rate) interest. If, instead, she had a credit card with at least \$600 of available credit, she wouldn't have had to use the payday charlatans, and would have paid a much, much lower interest rate. Many people who use payday loan services, even once, fall into an inescapable spiral of debt, where they work all week to pay back their payday loans, and then have to take out new payday loans to meet their weekly expenses. People who use their credit cards responsibly never fall victim to this scenario.

### Credit Cards Can Help With Budgeting

Credit cards help spendthrifts easily track their expenditures. One simple technique is to use one credit card to automatically pay your recurring monthly expenses (phone, cable, utilities, etc.), another to buy your groceries and gas, and a third for all other expenses (entertainment, eating out, etc.). When you get your bills each month you can compare how much you spent on your wants versus your needs and make adjustments as necessary.

### Protections Offered by Credit Cards

Although the media likes to focus on the "epidemic" of identity theft, the truth is that using a credit card is much safer than using cash, a check, or virtually any other means of exchange. If you're carrying cash and your wallet is stolen, you'll never see a dime of your money. If a merchant cashes your check and refuses to grant you a refund, chances are, you're out of luck. But in either scenario, using a credit card would have offered you protection.

If, for example, your wallet full of credit cards is stolen, you will not be liable for any more than \$50 of fraudulent charges, per card. This is the legal limit, but in reality, most card issuers don't even hold you liable for the first \$50 - they just stick the merchants with the bill. And if a merchant refuses to give you a refund that you deserve, you can file a "chargeback," in which the credit card company will side with you 99 percent of the time. Paying in cash or with a check offers no such protections.

### Your Credit Card - Don't Leave Home Without It

Credit cards are ideal for traveling abroad because they automatically convert to the local currency. This means you won't have to waste time with the money changer or carry around several foreign currencies, and of course, not carrying cash makes you much less susceptible to pick-pocketing.

The main thing to understand is that credit cards can be wonderful tools that greatly enhance our lives. All that we need to do is be informed, active, and

responsible users of these powerful little pieces of plastic.

Stay safe.

Sincerely,

James

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