

Cash is king, but credit cards are safer

Jeff Davidson

If you've ever shopped at a flea market, you know that everything is sold as is for cash and considered to be a "done deal." When you're buying on-site and in person, "cash is king." Everyone loves cash; it's immediate and final. Cash gives you great leverage, because vendors, eager to sell their goods, are more willing to give you a bargain when you're flashing cold hard cash.

Nevertheless, when it comes to buying for less, you want to use a charge card as often as you can, especially when you're not certain that you're getting a spectacular deal. Charging your purchases with a major credit card, whether it is online, over the phone, via mail order, or in person, offers protection that you can't otherwise muster.

PRICELESS PROTECTION

If a merchant has deceived you, either through false advertising, by manipulating terms, or with damaged or defective goods, you can negate the charge. Most credit card companies will not hold you liable.

The onus is on the merchant to make good, particularly if he wants to be in good stead with the credit card company. The credit card companies frown on merchants who incur more than their monthly fair share of customers who wish to rescind purchases. Merchants know this, so accepting your credit card has a built-in incentive beyond generating revenues, building the business, and maintaining a reputation.

Undoubtedly you know that you can earn bonuses for your purchases with the variety of affiliations associated with

credit cards. I receive American Airlines frequent flier miles whenever I make a purchase using my credit card. I could opt to receive discounts on selected goods and bonus items. Some credit cards enable you to support your favorite charities, your alma mater, or other causes. Every credit card company lets you monitor and manage your purchases and transactions online.

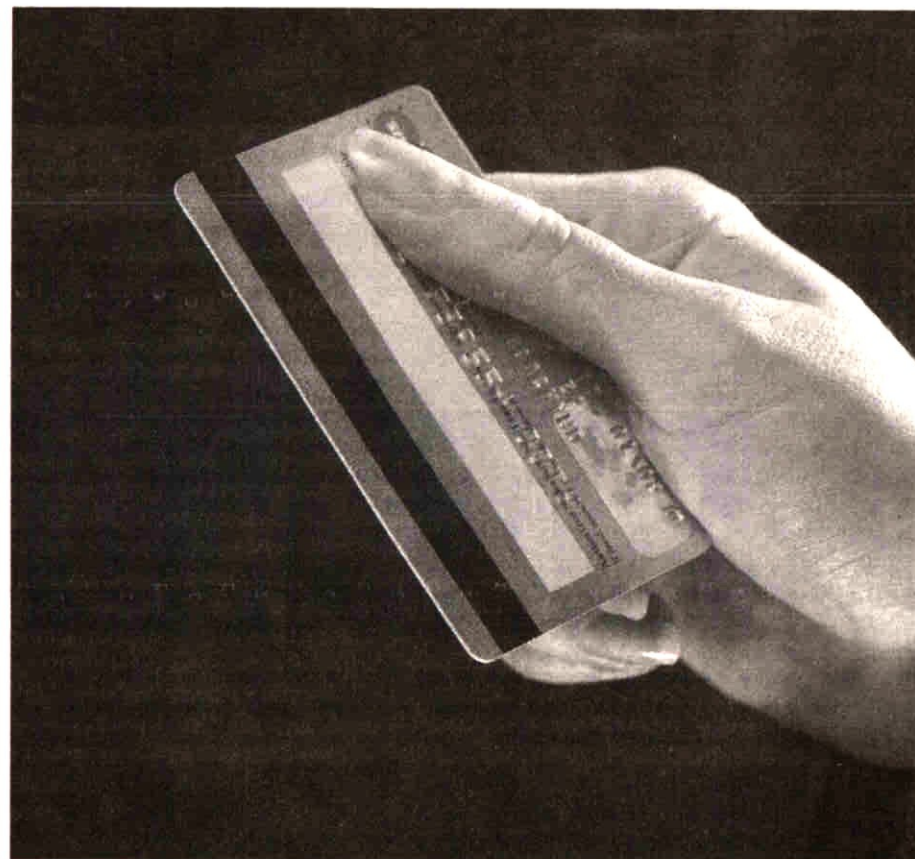
USE WISELY OR NOT AT ALL

Use your credit card for the protection, convenience, and management capability it affords, but not if you will pay sizable monthly interest fees because you've spent more than you can currently pay for.

When using credit cards, the danger lurks that you incur finance charges if you don't pay your complete bill by the due date. Too many consumers rack up credit card debts that end up taking years to pay off. My approach to using a credit card is always been one of "payment delay." I acquire an item now and I'm not paying for it until I pay off my credit card bill at the end of the month. I never use my credit card as a form of financing in and of itself, however. Other veteran bargain buyers who share this approach wouldn't dream of incurring finance charges.

If you're a member of a big buying club, you know that some don't accept the credit card that you use. In that case, cash, a debit card, or your personal check will do. Making purchases at the large buying clubs, however, confers a built-in form of protection.

After any purchase, file all of your receipts, guarantees or warranties, con-



tracts or agreements, instruction cards, user's manuals, or anything else associated with the transaction. Keeping all this stuff organized will help you when it comes to tax time, because much of what you purchase might be deductible. It's also helpful if something goes amiss and you need to make a return.

Finally, when you purchase an item, acquire it outright. Avoid layaways and rent-to-own sales plans like the plague.

You'll end up paying more, as well as tying up more of your time that could be better spent elsewhere. ■

Jeff Davidson is the work-life balance expert for our time-pressed workforce. He wrote "Breathing Space" and the "60 Second Self-Starter." Visit www.BreathingSpace.com or call 800-735-1994 for more information.