

TEN THINGS YOU MUST KNOW ABOUT USING A CREDIT CARD WHEN TRAVELING©

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Credit cards are great because you don't have to carry large sums of cash. Also, there is consumer protection if lost or stolen or if there is an issue with a product or service you purchased. But the best thing about using a credit card is that you can earn all kinds of rewards if you use the right card (more on that later). However, there are ten things you must know about using a credit card when traveling:

1. The card may not be accepted everywhere so be sure to take a widely accepted credit card, such as VISA or MasterCard rather than Discover or American Express. To this end, be sure that credit cards will be accepted where you are going as there are some places in the U.S. and outside of the U.S. that still deal with strictly cash transactions or charge a higher price for using a credit card. Some vendors will offer discounts for those paying by check or cash. Of course you lose the consumer protection that a credit card provides but for some folks the discount (2-10% typically) is a worthwhile trade off.
2. Be careful about taking a card with a high or unlimited credit limit due to theft or of taking a card with too small a limit in case you have an emergency. I like to travel with two credit cards. I have one that has a limit of \$500 and the other has a limit of \$5,000.
3. In some parts of the world, especially Europe, the conversion to microchip has already happened and they will no longer accept credit cards without a microchip. So if you still have some cards with magnetic strips be sure to leave those at home and use your microchip card. If you don't have any microchip cards or don't like the APR or credit limit apply for a card with good travel rewards and use it instead (see the end of this report to learn about five good travel cards).
4. Transaction fees can be high, so check around and get a card that offers minimum or no foreign transaction fees or you may pay as much as 3% for the privilege of using your card.
5. Between transaction fees and exchange rates, it is best to minimize cash (advance) transactions. Try to plan how much you'll need and just make one transaction at a bank with the best exchange rates.
6. Let your cardholder know your travel plans. Otherwise, your card may be blocked for "suspicious activity." Some card companies automatically block them and some may suddenly "freeze" your account because your card use seems excessive. This is true whether you're traveling in the U.S. or abroad.

7. You may have to show your passport to verify your identity with overseas merchants but you are less likely to have to show ID if you have your photo on your credit card.

8. If you pre-booked tickets, such as a theater or train ticket, the vendor may require you show the credit card you used to book the tickets. If pre-booking services or tickets, be sure to use a credit card you plan to take with you during your travels.

9. Make sure that you're not anywhere near your credit limit and that you are current in your payments. Some vendors, such as hotels, will put a big cash block (sum) on your credit card in order to ensure there will be sufficient funds to cover any possible charges. You don't want to be halfway around the world and have your card declined. This is another reason I like to travel with two credit cards.

10. Scrutinize bills. If it is in another language and currency that you cannot decipher, be careful about signing it. Find someone trustworthy to assist you with the translation. You don't want to overpay or be charged for some product or service you didn't order or receive. For example, the tip will automatically be included on your bill in many places around the world. Also, you want to know if VAT (value added tax) was added to your purchase.

The five best credit cards for earning travel rewards are:

1. Capital One Venture Rewards Credit Card
2. Chase Sapphire Preferred Card
3. Bank Americard Travel Rewards Card
4. Discover It Miles Credit Card
5. Citi Thank You Premier Card

For a specific list of rewards, APR, and fees visit
<http://www.comparecards.com/ads/reward/travel>

What about cash?

I always like to have cash with me. How much I take depends on where I'm going and how long I will be gone. Typically, I will use cash for small purchases, such as snacks, taxis, and tips. I like to use a credit card when booking tickets, lodging, souvenirs, and services. I also like to use a credit card when purchasing any souvenirs over \$50. I always keep my money with me in a watertight money belt or secret pocket or in a secure hotel or cruise cabin safe. I never count out a large sum of money or show large bills in public.

What about Traveler's Checks?

Traveler's checks are great because they do offer some consumer protection, such as being replaced for free if lost or stolen. But there is typically a fee to buy them but these checks are a perk for many account holders so be sure to inquire. However, some places no longer accept them or charge a fee to cash them, so do a little research on your particular destination to find out. Also, you will be asked for ID to cash them so be prepared to show your driver's license or passport.

What about ATMS?

I try to avoid ATMS because of the restrictions: finding a machine, safety concerns about withdrawing large sums of cash from a machine, concern over my PIN number being revealed, a PIN number that won't work overseas because it is too long, unknown transaction and exchange rate fees, and language barriers (such as does that word or symbol mean "checking" or "savings" account?). Instead, consider using a pre-paid debit card that is not associated with your bank accounts or go inside a bank and have a teller assist you.

Summary: Be sure to carry two credit cards with low and medium limits. Make sure that your credit cards offer the best travel rewards (see list). Make sure you notify the credit card company about your travel plans and use at least one microchip card. Be sure to carry some cash. Do not plan to use ATMs or traveler's checks.

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