The recent loss of customer information at major retailers has resulted in credit card, debit cards and PIN numbers being stolen. With this news, people are wondering how to pay for everyday purchases. Is carrying cash the answer?

Though credit cards have been much maligned in recent years, they have several qualities that can protect your financial life. In fact, early reports from the Target incident have focused on the damage done to a few customers who had used debit cards. These people had their checking accounts emptied when the crooks got card and PIN numbers.

Let’s take a minute and consider why using your credit card is a smart idea.

• Credit card security. In a few hours this weekend, I went to four stores and spent over $400. If I had been carrying that much money, it could have been easily lost or stolen. Cash is unnecessary if you have a credit card.

• Theft protection. When your credit card is stolen, the Fair Credit Billing Act tells us that you are responsible for no more than $50 of charges that a thief might make on your card. Many credit card companies will forgive even this amount. Be sure to notify your credit card company promptly if your card is stolen. In the case of the recent data breaches, only the numbers were stolen, so make sure you check your statements carefully as soon as they come in and notify the company if there are any problems.

• Purchase protection. Let’s say you purchase something and it doesn’t work as it should. The store refuses to refund the money. You dispute the charge and the credit card company won’t charge you for the disputed amount.

• Guarantees. Many credit cards offer guarantees on items purchased with their cards. I checked terms on several cards and found that they ranged from 90 days protection against theft or damage to one-year extended warranties on purchases. I always try to make any large purchases on my credit card. Be sure to check the terms on your credit card. You might be surprised by the benefits.
• Perks and rewards. Whether your card offers cash back, frequent flyer miles, points, bonuses or any other type of reward, you can gain by using your credit card. One of the readers of this column called me to say that he charges all his everyday expenses on his credit card. He earns frequent flyer miles for all his purchases and finds it convenient to pay with one check or transfer from his checking account. These purchases mean that he can take two airline trips a year for $10 per trip. Great strategy. Just make sure that you have the money to pay off what you are charging each month or you will have to pay those pesky interest charges.

• Travel insurance. Some cards offer trip cancellation, delay insurance, lost luggage protection and emergency assistance. Make sure you read the fine print and know what are the special benefits on your card.

• Car rental insurance. Many credit cards come with a loss and damage waiver or collision waiver policy for car rentals, which cover the cost of repair or replacement to a damaged or stolen car. But make sure to read the fine print to know what is covered.

One of the main advantages of using a credit card is building a credit history. Use the credit card, pay it off and build your credit history.

Roxie Rodgers Dinstel is a professor of extension on the Tanana District Extension Faculty. Questions or column requests can be e-mailed to her at rrdinstel@alaska.edu or by calling 907-474-2426. The Cooperative Extension Service is part of the University of Alaska Fairbanks, working in cooperation with the U.S. Department of Agriculture.