



Extension News Column

University of Alaska Fairbanks, Cooperative Extension Service, www.uaf.edu/ces/
fycit@uaf.edu, 907-474-5211, FAX 907-474-6885

Date: July 7, 2011
To: Mary Beth Smetzer, community news editor, News-Miner, 459-7546 (wk), 452-7917 (fax), msmetzer@newsminer.com, and people@newsminer.com
From: Roxie Dinstel
Re: **Pinching Pennies to run Mondays on page A-3 (2 of 3)**
Additional Contact: Debbie Carter, information officer, 474-5406, dscarter@alaska.edu

What's in your wallet? Or better yet, what benefits do those credit cards you carry have for you?

According to a new study by MasterCard, 55% of consumers were not familiar with the perks and benefits of their credit card. Some even paid extra for benefits they already had with their card.

Do you know what benefits you get with your card? If you have the original agreement or even one of those yearly updates, get out your reading glasses or magnifying glass and read it. Because it is always written in the smallest type known to man, that may be a bit of a challenge.

By law, the credit company is required to send a disclosure of terms. However, the notices seem to be designed for someone with supernatural eyesight with the tiniest print you can imagine. A recent survey by the Government Accountability Office concluded that the information on most disclosure letters were poorly organized with information scattered throughout various sections. The language in the credit card disclosures is difficult to understand. Most Americans read at or below an 8th grade level, but the disclosure letters are written at a 12th grade level.

So check out your benefits on the disclosure documents. Most consumers know about the cash back or mileage rewards of their card. But it is worth the time to go through the welcome packet of your new card, or to study the terms and conditions of any card you may be considering, to see the significant perks offered by that card. Most credit cards offer services like lost luggage reimbursement, car rental damage insurance, or purchase protections that can help you through difficulties and save you some money. These perks are wasted if you don't know about them.

Here are some of the standard benefits offered by credit cards issuers. These vary by issuer and type of card.

Car Rental Loss/Damage Insurance-Using your credit card for a car rental may cover damage when renting the car, so it may not be necessary to purchase that expensive extra insurance coverage from the car rental company. Before renting, check the description of this coverage in your Cardmember Agreement.

To be covered, you must be the primary renter and use your card to pay for the entire rental.

Extended Warranties-These typically double the manufacturer's warranty for up to a year. There are limits to coverage. Save your manufacturer's warranties and receipts for any purchases that may be covered.

Security from Unauthorized Purchases-All card companies provide emergency assistance for lost or stolen cards. Under federal law, your maximum liability for unauthorized use of your credit card is \$50. If you report the loss before the card is used, the issuer can't hold you responsible for unauthorized charges.

If the card is used before you report it missing, you may have to pay up to \$50 per card for unauthorized charges.

All cards have dispute resolution. If you see a charge on your bill and it is not familiar to you, or you think you've been overcharged, you can call the credit card company and dispute that charge.

Travel Accident Insurance-When you charge the total amount of the trip to your credit card, travel accident insurance provides benefits if you lose limbs or are killed in an accident on a common carrier such as an airplane, ship, or train. Coverage ends when you arrive at the place designated on your ticket. Platinum cards typically offer \$250,000 to \$1,000,000 in travel accident insurance.

Trip Cancellation Insurance-Protects you and your family against forfeited, nonrefundable and unused payments if your trip is interrupted or cancelled and you have purchased your common carrier tickets with an eligible card.

Lost Luggage Insurance-If your baggage is delayed for at least 12 hours, some cards will give you up to \$300 to buy essential items such as toothpaste, a change of clothes, etc.

Always know what benefits you have on your card. If you don't have your original paperwork, go to lowcards.com and find your card and the issuer. This website will give you a brief summary of the benefits offer with your card. Or call (email) the issuer of your card and ask for a copy of the card disclosure.

Know what you are carrying and you just might save a little money.

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.