

Are Credit Cards Too Dangerous to Use?

I am a huge credit card user. Yes, I said it and that isn't a typo. I use my credit card for almost every purchase I make and I even have some automatic monthly charges billed to my credit card account.

I also abhor credit card debt and consider it one of the biggest potential financial pitfalls that a person can fall into. I pay my balance in full every month and recommend that everyone strive to do the same.

So I suspect you are asking yourself why someone like myself would use their credit card so much? Why not just use a debit card or pay with cash?

There are several reasons. Convenience is a huge factor but I'm also highly motivated by the airline miles that I accumulate with each purchase (I just flew my family of four first class to Hawaii - all with miles). Beyond that though, I like the extra protections I get by using my credit card.

Many credit cards, mine included, provide automatic insurance for certain situations. For example, if I use my business credit card to rent a car I have some basic insurance protection that could help with any gaps in other coverage. Additionally, I like having the ability to dispute a charge if there is a problem with my purchase (good luck getting cash back!) and, believe it or not, I like the fraud security I've experienced.

Again, you read that right.

There has been so much in the press the last few months about recent security breaches of credit card data that I think people have begun to think that credit cards themselves are the culprits. Crooks are going to try to take advantage of any opportunity that they can to steal valuable information. The fact is that any time your data is out there – in any capacity – it is at risk and certainly using a credit card puts your data out there.

So if you are a credit card lover like me what should you do in an era of escalating cyber fraud?

First of all, know the fraud policies of your card. Call the company and ask what would happen if your card was used fraudulently? Would you be responsible for the charges? In the case of my card I would not be.

Look at your transactions. One of the biggest mistakes that people make is to not review their statement to make sure the charges are accurate. While credit card companies generally have good software in place to watch for potentially fraudulent activity (in my case the card company will call me if a suspicion occurs), the most accurate safeguard is going to be you.

Sign up for electronic alerts. More and more companies are offering the ability to have a text or email alert sent when a suspicious transaction occurs on your account. In some cases you can have an alert sent any time a charge is made, even if not suspicious.

If you access your account on-line make sure that you have a secure password. There are lots of tips on-line for how to select a password – and what not to use. The same goes for a PIN number if you have one.

If your card is involved in a potential breach consider asking your credit card company for a new account number and card. My credit card company actually automatically assigned me a new account number and sent me a new card because I shopped at Target on Black Friday.

If you are still concerned, consider a credit monitoring service. These services will monitor everything that impacts your credit – not just credit cards. The extra sense of security that you feel may well be worth the typical \$10-15 a month cost. For those affected by Target's data breach, the company is offering a full year of free credit monitoring; visit <https://creditmonitoring.target.com> for details.

Ultimately everything in life has risks. It is important to be smart about protecting the security of your information but I for one am not about to stop using my credit card.

I have another trip in mind after all.

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