

## Know Your Plastic

There was a time when the term “plastic” simply referred to credit cards. They usually afforded you the opportunity to charge your purchase and to repay the debt with monthly installments that accrued interest.

Now, there are numerous types of cards with various types of credit features and benefits. Understanding the difference between these cards can help you make the right decision and get the most out of the card you choose.

**Affinity credit card** — A credit card that is associated with an organization, such as the AAA Member Rewards or Cash Rewards credit cards.

**Debit card** — A debit card allows you to access funds in your checking account. It is different from a credit card in that it is not a loan or advance but a deduction from existing funds. Debit cards offer the convenience of plastic without a bill to pay or interest charges at the end of the month. There are two types of debit cards:

- **ATM card** — Transactions made with an ATM card are posted and withdrawn from a bank account immediately or the next business day. ATM cards require a personal identification number to authorize a purchase or withdrawal. ATM cards can only be used for purchases at locations that accept ATM cards.
- **Check card** — Transactions made with a check card take one to three days to be posted and for funds to be withdrawn. Except for online transactions, your signature is required on the printed receipt every time you perform a check-card purchase. Check cards can be used at any business that accepts MasterCard® and Visa® credit cards.

**Rewards card** — An “incentive” card, a rewards card offers bonuses, such as airline mileage, cash rebates, or purchase rebates to cardholders, usually dependent on the dollar amount charged on the card.

**Secured card** — Secured cards are for those who need to establish credit or improve poor credit. Applicants are required to deposit funds into an account before a secured card will be issued. The funds act as collateral and will be accessed if the credit card account is in default.

**Stored value card** — A stored value card contains a prepaid dollar amount that can be used to purchase products and services. While a stored value card typically looks and is used like a credit card, it is actually tied to an account that decreases when it is used.

**Smart card** — The latest in credit card technology, a smart card stores information on an integrated microprocessor chip embedded on the card rather than on the magnetic strip of a traditional credit card, making the card more secure. These cards are thought by many to be the card of the future. However, at the present time, a limited number of merchants have terminals that can accept smart cards.

AAA Financial Services offers member-only benefits with the AAA Member Rewards Visa® credit card, and the AAA Cash Rewards Credit Card. Contact your local club at [AAA.com](http://AAA.com) for details.

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