

DEBIT CARD vs CREDIT CARD

WHAT ARE THE PROS AND CONS OF EACH?



I've never been a big fan of **debit cards**, although many people are. I remember having to replace one and asking my bank to send me an "ATM Card" which is basically the only way I use it. The bank representative laughed and said: "You mean debit card." OK, so she was right. I've primarily used **credit cards** for purchases and not debit. Let's discuss how each card is different.

WHAT IS A CREDIT CARD?

A credit card is issued by a financial institution to a cardholder which enables them to borrow money on a line of credit. The money is paid back to lender without interest if the amount borrowed is paid in full. Alternatively, interest is paid if the borrowed amount isn't paid in full.

There are a variety of cards issued. **Standard cards** simply extend a line of credit for making purchases, balance transfers, and/or cash advances, and they often have no annual fee.

Premium cards offer perks such as concierge services, airport lounge access, special event access, and more, but they usually have higher annual fees.

Rewards cards offer cash back, travel points, or other benefits to customers based on how they spend.

Secured credit cards require an initial cash deposit that is held by the issuer as collateral. This is good for those with limited credit.

PROS OF CREDIT CARDS

- Build credit. Credit card's are available to those that have some form of credit. Users can build additional credit by responsible use. Paying back purchases on time, for example.
- Obtain rewards. Many credit cards give users rewards in the way of cash back, travel points or other

benefits.

- Fraud protection. This is a big one and one of the reasons I use it. In case of fraud, cardholders are not responsible for any charges racked up by criminals. If you contact the financial institution within a reasonable amount of time, the charges are removed from your account.
- Free use of money. You can essentially borrow money for a month, until your bill comes in and you make your payment.

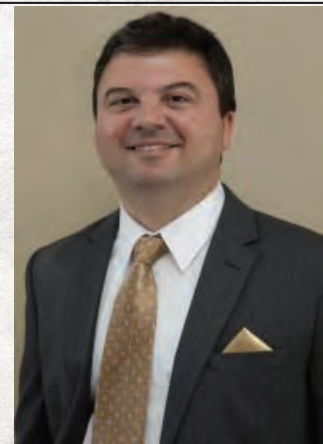
NEGATIVES OF CREDIT CARDS

- Credit cards can charge high interest rates if you don't pay your balance in full.
- They're an easy way to build debt. You can lose track of how much you spend, leading to a financial predicament when you receive the bill at the end of the month.
- They can negatively impact your credit. If you don't manage your card responsibly, they can be a black mark on your credit report.

WHAT IS A DEBIT CARD?



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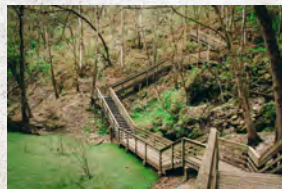


February is the month of love as Cupid pays us a visit on the 14th! Of course I'm talking about Valentine's Day, which is also called Saint Valentine's Day. The day has it's origins in Christian roots. There are several saints (3) named Valentine, and the day is named after them. In the Middle Ages, Feb 14 started becoming associated with love as it was believed that day kicked off birds' mating season. Chaucer, in 1375, recorded the first known reference to the day as a romantic celebration in one of his poems. In 1415, the Duke of Orleans wrote what is known to be the oldest valentine greeting still in existence when he sent his wife a poem. 145 million Valentine's Day cards are ex-changed every year (and that's not even including all those kids' valentines swapped in classrooms!). Don't forget your Valentine!

Alexis Hongamen, CFP®, CRPC®

8 Places In Florida You Never Knew Existed

- Boneyard Beach is a mile-long beach in Big Talbot Island State Park, near the city of Fernandina Beach, south of Amelia Island. The "boneyard beach" is so called because of the bleached skeletons of oaks along the beach
- Florida Caverns State Park near Marianna. The only air-filled cave in the state where you can walk in and see stalagmites and stalactites.
- Falling Waters State Park near Chipley. Highest waterfall in FL at 73 feet. The water drops down into a sinkhole.
- The Great Carrier Reef is the nickname of the USS Oriskany, a 911-foot-long aircraft carrier that was intentionally sunk in 2006 as part of an artificial reef program. The wreck is located in the Gulf of Mexico, about 26.5 miles southeast of Pensacola pass in more than 200 feet of water.
- Devil's Den, a prehistoric cave that opened up when the roof of a subterranean river collapsed. It is one of the most unique places in the world to scuba and snorkel. Located near Williston.
- Neptune Memorial Reef near Key Biscayne is a 16 acre man-made reef with an Atlantis theme. Interesting place to dive.
- Fort Jefferson at Dry Tortugas National Park. Located 70 miles west of Key West, many people have never heard of it. Made of 16 million bricks and never finished it's an interesting place to explore with great snorkeling in the surrounding blue waters.
- Devil's Millhopper Geological State Park is located near Gainesville. You can take stairs down this 120-foot deep sinkhole which is surrounded by lush vegetation. It is 500 feet wide at the bottom.



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I have been quoted in the following publications:



"...from page 1"

A debit card is a card that allows you to tap your personal checking account to make purchases.

PROS OF DEBIT

- Avoid debt. You usually can only spend the amount you have in your account. Although if you have overdraft

protection, you can charge more than you have in your account.

- Few fees. About the only fee is the previously mentioned overdraft fee.

NEGATIVES OF DEBIT

- You don't build credit. Since you are tapping your own funds, your activity doesn't get reported to the credit bureaus.

- If there's fraud, you do get your funds back, but you are out your own money until the bank finishes their investigation.

BOTTOM LINE

Please do your homework on the pros and cons of each so you can pick the card that is best for your needs.

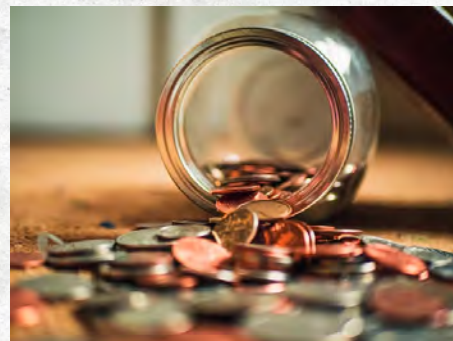
Flashback 35 Years Ago This Month

Questions? Call Alexis 407-729-8516

MOVIES

The top movie in February 1989 was:

Rain Man.....It tells the story of abrasive, selfish, young wheeler-dealer Charlie (Tom Cruise), who discovers that his estranged father has died and bequeathed virtually all of his multimillion-dollar estate to his other son, (Dustin Hoffman), an autistic savant of whose existence Charlie was unaware.



MUSIC

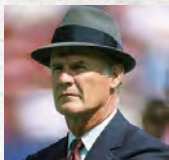
Billboard Hot 100 in February 1989 featured:

- **Straight Up (Paula Abdul)**.....8gfgdWB _WUS^ ;Va^gVWV
- **Armageddon It (Def Leppard)**.....? kXhadjFW^ eDaU 4S^ Vz
- **Lost In Your Eyes (Debbie Gibson)**....: WIS^ V^ #: [fz8aa^eZ 4Wf [efZVafZW
- **Paradise City (Guns N' Roses)**zB` afZWYMS^* eDaU 4S^ V
- **Wild Thing (Tone Loc)**...The former gang member ZSVShWk V[ef^ U[hWsbkha[UW
- **Girl You Know It's True (Milli Vanilli)**...:fi Se^SfWV[eahWVfZW i Wmb ek^ UZ^ Y^ S^fZW geU[hWaeSeS^ afZWYdgb i We fZWMS^ha[UwaXZW ea^ Yz
- **31st Grammy Awards:** `6a` fI adk 4W Sbbk^ Tk 4aTtk? U8Wf^ - `8S[fZ^Tk 9VadVp [UZSW



NEWS

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SPORTS

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Tip Of The Month

In the spirit of Valentine's Day, what could be more romantic than surprising your better half than with a **Spousal IRA**? Ok, well there's A LOT of things more romantic, but I had to try to put a spin on this since it's the month of love. Sorry.

A Spousal IRA is a type of retirement account that allows a working spouse to contribute to a non-working spouse's savings. Think of a stay-at-home mom or dad, or even someone retired. Typically, someone has to have earned income in order to contribute to an Individual Retirement Account (IRA). This provision, however, provides an exception. To qualify, the couple must file their taxes jointly, and follow the normal IRA income limits. For 2024, their modified adjusted gross income (MAGI) has to be \$230,000 or less. They can contribute up to \$7,000 for those under age 50, and \$8,000 for those 50 or older.

WHAT IT ISN'T

It's not a different IRA type but simply a Roth or traditional IRA that lets a nonworking spouse have access to the tax favors and benefits that IRAs offer.

ADVANTAGES

A spousal IRA provides a way to boost your retirement savings as a couple. Plus the spouse gets access to the same wide variety of investment choices, ranging from exchange-traded funds (ETFs) to individual stocks and bonds. The maximum annual contribution limit may not seem like much, contributing this amount each year could make a real difference in a couple's retirement savings over time. Just make sure you also get your spouse some chocolate or flowers too.

Idiom Of The Month

“Making Ends Meet”



I always interpreted "making ends meet" as making sure you had enough money to cover your monthly financial obligations, i.e. paying your bills.

There are actually several different origins I found on the internet and I recently heard another one on the radio. Pick your favorite and let me know which one you like best.

Today, "making ends meet" can signify making sure the end of your month matches with the end of your money. In other words, you still don't have month left over when your money runs out.

History

I found one origin that comes from the bookkeeping world. It has to do with the sums of two columns, one presumably for expenses and another for income, that must match. If your income matches your expenses at the end of the columns, you made ends meet.

Another is from the sailing world. Ropes control masts, and when

the ropes broke would break, the captain would yell for the sailors to splice the ropes together and "make the ends meet". This would allow the ropes to control the masts again, and they were back to sailing!

Finally, I recently heard on the radio a caller said the term comes from putting together whatever you could find in the fridge for dinner at the end of the month. Often it was an end of a tenderloin for example. Hence, they were "making ends meat".

So, which origin is your favorite?



WHAT 15 THINGS COST 35 YEARS AGO...

- Movie Tickets.** The national average price of a movie ticket in 1989 was \$4.
- First Class Stamp.** A stamp was \$0.25, now it is \$0.68
- Personal Computer.** A Macintosh Portable M5120 came out in 1989, weighing 16 pounds -- and costing around \$7,300. It featured 1MB of RAM, a 10-inch black-and-white display, and a 40MB hard drive. Today, \$1,099 will get you a MacBook Air featuring 8GB of memory, a 13.3-inch color display, and a 256GB hard drive.
- Internet Access.** CompuServe start-up kit was \$40 and \$0.21 per minute. That means 30 minutes per day (far less time than many spend on the internet now) would cost about \$190 a month.
- People Magazine.** Then \$1.79, today it is \$6.99
- TVs.** A 32" Sony XBR Trinitron was \$2700.
- House.** The median sales price of a home was \$118,900.
- Rent.** The median monthly rent for housing was \$360.
- Home Printer.** The HP DeskJet Plus was \$995. Today you can get a home printer for \$50 or less.
- Cell Phone.** The Motorola MicroTAC, which could fit in your pocket, listed at \$2995.
- Gas.** The price of a gallon of gas was \$1.06.
- College.** In 1989, tuition, fees, room, and board would set you back \$12,560 for the year at a private college, vs. \$4,720 at a public college. Today, it is \$50,900 and \$25,290.
- Wedding.** Cost in 1989 was about \$15,000. Today it is \$33,069.
- Super Bowl Ticket.** In 1989 it was \$100(!). In 2023, it was an astounding \$8837(!). Yes, you read that right.
- Piano.** A Steinway Model B Classic Grand Piano cost \$31,050 in 1989. Today, the MSRP cost is \$135,000. Ouch!!

Some things to think about. Let me know what you think!!