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Choose with confidence, get the CA and CFP advantage

## Credit Cards benefits and risks

### Understanding the Terms and Conditions of Your Card

Credit cards can be extremely useful and convenient. They've become part of our lives, and it can be hard to get along in today's world without one.



You'll get more out of a credit card if it's the right one for you. You'll also probably save money and manage your finances more effectively if you know how your credit card works.

This guide will help you understand credit cards. If you're looking for your first card or for a new one, be sure to explore options such as specialized credit cards, student cards and more. We've also included a [handy checklist](#)  (PDF 142 kb) to help you choose your credit card.

### The Benefits and Risks of Using a Credit Card

While credit cards are indispensable for most people, they do come with potential risks. You can manage these risks better if you know what

they are. Here's a quick look at these benefits and risks.

#### Benefits

A credit card can:

- help you establish a credit history and earn a credit rating;
- be more convenient to carry than cash;
- offer free use of funds, provided you always pay your balance in full, by the due date;
- give you incentives, such as reward points, that you can redeem for merchandise or services; and
- provide a convenient payment method for purchases made on the Internet and over the telephone.

#### Risks

On the other hand, credit cards can:

- allow you to build up more debt than you can handle;
- damage your credit rating if your payments are late;
- have complicated terms and conditions; and
- cost much more than other forms of credit, such as a line of credit or a personal loan.