

Using Credit Cards on Vacation

Years ago, if you journeyed overseas, you carried traveler's checks rather than cash. But today international travelers opt for credit cards and ATM withdrawals because the exchange rates are better and the fees lower.

And when choosing between a credit card or an ATM for travel, a credit card is usually the best option. That way, if your card is lost or stolen, you can call your credit card company and report the incident and stop the possibility of fraud before it occurs.

Traveling with credit cards is often easier: Transactions are made quickly and conveniently with a swipe of the card. And the receipts record each activity or purchase so you can see what your vacation cost you upon your return.

Internationally, a credit card eliminates the need to exchange your cash for local currency.

Be sure to verify whether your credit card is accepted in the country to which you are traveling, as some cards are not accepted in all countries. And while you have them on the phone, alert your card issuer of your travels so they don't suspect fraud when international charges start showing up.

Just as important, check your card's international-transaction fee, which can add up as you make charges abroad. Most credit card issuers charge currency conversion fees each time you make a purchase in a foreign currency. Sounds like a lot but these fees are usually lower than fees to cash traveler's checks or convert U.S. dollars.

For business travelers and vacationing retirees journeying overseas often, these transaction fees can add up. That's when it makes the most sense to determine whether to switch cards or add a card for international trips only.

Perhaps the biggest advantage to using credit cards while traveling overseas is that they are exchanged at the interbank exchange rate—usually the best rate you can get for currency exchange.

Remember, depending on your card issuer's finance charges, using ATMs for cash advances can cost you a lot of in transactions fees.

Always check and keep your receipts. Mistakes made overseas are hard to fix once you get home. And once you're back from your trip, read your statement carefully and ask your creditor to dispute any charges in question, should there be any.

Knowing your options before you travel is the best way to prepare for your trip.