



Traveling Abroad? Don't Leave Home Without Making Financial Preparations

Planning a trip abroad? If so, have you given much thought to how you are going to pay for your expenses in a foreign country? And do you know enough to protect yourself from thieves who target travelers? *FDIC Consumer News* offers these suggestions for preparing yourself and your finances.

Don't carry much cash. Have a small amount for emergencies, tipping and transportation. Remember, the more money you have in your wallet, the more you will lose if it is stolen. And lost or stolen cash can't be replaced.

Take a couple of credit cards. Most of the time, credit cards are easy to use and widely accepted in other countries. They can be easily replaced if lost or stolen, and U.S. law limits your maximum liability for unauthorized use to \$50 per card. But before you leave, check with your card issuer to find out about the likely fees for foreign transactions (typically in the range of one to three percent but sometimes more, so shop around) and any possible restrictions you may face abroad. Also remember that some foreign countries allow stores to impose an extra charge for credit card purchases.

Taking more than one credit card makes sense just in case one is lost or otherwise can't be used, such as if a company "blocks" part of your credit line to cover expected costs when you rent a car or check into a hotel, thus making that amount of credit unavailable to you. Also, it's a good idea to contact your card issuers before you go and let them know where and when you will be traveling. That way charges abroad won't be denied based on incorrect assumptions that your card has been stolen.

Consider "prepaid debit cards" and traveler's checks as replacements for cash. A prepaid debit card allows you to load a specific amount of money on the card for purchases and cash withdrawals from ATMs (automated teller machines). You should also be able to add more value to the card during your stay, perhaps by making the necessary arrangements online or by phone, but it can take anywhere from a day to a week for the funds to become available. If the card is used by a thief, the most you can be held responsible for is the value on the card — there's no other account that can be raided — and the card issuer may provide additional loss protection. However, be aware that these cards do come with an assortment of fees and may not always be accepted at all retail locations or banks.

Similarly, traveler's checks can be used instead of cash and may even be available in a foreign currency, but not all businesses will accept them and those that do may charge a fee. Also follow the precautions recommended by the check issuer in case your traveler's checks are lost or stolen. For example, you'll be instructed to sign the top of each check as soon as possible after you purchase them; otherwise, anyone who obtains the check can use it.

Ask if your debit card can be used for purchases abroad. Debit cards, which can be used at stores and at ATMs, deduct funds automatically from a bank account. Most U.S. banks have arrangements that allow customers to use their debit cards in foreign



countries. Ask your bank about potential costs and limitations, such as transaction fees and (for security purposes) any daily limit on how much money you can access.

Be aware that, as with blocks on credit lines, if you use your debit card to reserve a room the hotel can put a temporary hold on a certain amount of money in your account. You generally cannot reserve a rental car with a debit card, but you can pay the final bill with one. (See [Answers to Common Questions About Debit Cards](#) for more details about debit cards, including the importance of quickly reporting a lost or stolen card to avoid major losses.)

Plan ahead if you plan to use ATMs. Ask your bank for guidance on the best, cheapest ways to use ATMs in a particular country. For example, you might face smaller fees for withdrawing money using a debit/ATM card instead of getting a cash advance (a loan) using a credit card. Or, perhaps your bank has arrangements with foreign institutions that could reduce the fees and finance charges you'd pay at their ATM compared to other locations. Find out if there's a maximum daily amount you can withdraw. As mentioned previously, carrying a large amount of cash may be asking for trouble.

Take security precautions. Don't flaunt your cash or bank cards. Keep your money safely away from pickpockets, perhaps in a money belt, a pocket that buttons or zips, or in a purse held close to your body. Never put all your money in one place. Carry only what you need and keep extra cash, jewelry, passports and other valuables in a hotel safe. And never have the PINs (Personal Identification Numbers) for your credit, debit or ATM cards on or near the cards themselves.

Keep currency-exchange costs down. Become familiar with the value of foreign currency compared to that of the U.S. dollar. That way you'll know if that must-have souvenir is going to cost \$5 or \$50. Also try to do some advance research on the exchange rates if you use your credit card or debit card to make purchases abroad instead of converting U.S. money to foreign currency after you arrive. You may find you'll get more favorable terms using your cards and have less cash to carry and risk losing.

If you need to convert U.S. money abroad, most experts also say you'll get the best deal using a bank or other company that's in the money-exchange business, not a store, restaurant or street vendor. And if a store offers to charge a credit card purchase in U.S. dollars rather than the local currency, be aware that this could be more costly than the credit card issuer's currency exchange rate.

Want more tips for traveling abroad? Start at the U.S. Department of State's Web site www.travel.state.gov/travel. And then start out on your trip knowing you're better prepared to cope with financial frazzles far from home.

(Source: FDIC - Federal Deposit Insurance Corporation)