

Daily Union Article
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Plastic for Presents

With Thanksgiving in our rearview mirror, we now look ahead to sparkling lights, family festivities, cultural traditions, and for many of us...shopping for presents. Shopping for presents can be an adventure for some (just ask those who love Black Friday) and nothing short of frustrating to others (especially those who wait until the last minute!) Part of the challenge in buying gifts is making sure you don't overspend and finding presents that fit the intended receivers.

Perhaps you have turned to the use of gift cards to help you balance the budget and ease the pressure of finding the perfect gift for the person you are shopping for. They come in all price ranges and can save a significant amount of time with your shopping task. You might think they are ideal for the person who has everything and spare you the embarrassment of getting something they already have. They are also designed to catch your eye and the eye of the person receiving it - with different shapes, colors, and sizes available. Some of them even have shifting pictures due to their holographic design. They are much more fashionable than the once-popular paper gift certificates. Don't let all the glitz and ease draw you in without taking some time to think your gift card purchase through. There are pros and cons for using these quick grab gifts that you might want to consider before you lay down your cash for them.

Pros:

- Gift cards are convenient and easy to find.
- There are various options including merchant cards or a payment network (flexible) card that can be used almost anywhere.
- You can buy them online.
- Federal law prevents them from expiring for at least five years from the purchase date. Some states offer additional protections.

Cons:

- Merchant cards are limited in where they can be used: 1) in the store, or 2) at their online store.
- If the company goes out of business, the gift card holder might not get the full value of the card, if it retains any value at all!
- Your intended recipient may not shop at the store you purchased the card from.
- Network cards may have a small fee to buy and activate them.
- If you are buying a gift card to mail to someone in another part of the U.S., there may not be a convenient store location near the recipient's home. In fact, there may not be a store in their region, at all.

Source: www.consumerrports.org; search for Pros and Cons of Giving Gift Cards and Prepaid Cards

If you are buying presents for children, you might ask yourself, "Are gift cards a good fit for kids?" There are several things to consider regarding this decision. Younger children may not be able to distinguish the difference between a gift card and an actual credit card when both contain the same credit card logo. Kids that are 7 years and younger are most certainly unable to comprehend the difference between the two. To add to the confusion, you can purchase flexible gift cards. These cards are issued by credit card companies so that they can be used anywhere, not just at a specific store. They closely resemble the design of actual credit cards.

Even youth in their early teens may still consider all plastic cards to be credit cards. The marketing efforts of credit card companies are aggressive, and kids soak it in. Major companies advertise on television and send an abundance of offers through the mail. Do you see any advertisements for debit cards? You might occasionally get a flyer from your bank, but that isn't something kids will likely see. The only basis for their knowledge then comes from what the ads say unless you teach them about credit and debit cards.

Children learn from what they see the caregivers do. Many of us use our debit cards most of the time, but have we done a good job of explaining how our debit card is different from the credit card we also use? Children just forming their view of how money is acquired and dispensed need all the practice and mentoring they can get in knowing how to handle money. Just as it is important to dispel the notion that money comes from ATM machines, it is also important to teach kids about responsible choices when it comes to gift and credit cards.

Are gift cards a bad choice for kids? Not necessarily. You must keep in mind their age and their level of understanding about gift cards. If nothing else, giving a gift card might be a great teachable moment for you. You can take it one step further by offering a "shopping date" so that you can take the child out to use the gift. By doing so, you will have the opportunity to mentor and guide the child in making decisions about the best use of their gift card.

As you tackle your holiday gift list and consider what you would like to purchase this year, don't wait until the last minute when you are more apt to make impulse purchases, including gift cards. Give yourself ample time to make sure they are a good fit for the person you are intending to give them to. Not only do you want to get the best value from your purchases, you want your gifts to be meaningful and useful.

For more information about the use of credit cards and gift cards as part of your holiday spending plan, contact me at the Geary County K-State Research and Extension office at 785-238-4161. Until next time, keep living resourcefully!