How To Get Cash From A Credit Card

UNDERSTANDING HOW TO GET CASH FROM A CREDIT CARD

Credit cards are primarily designed for making purchases, but there are situations where you might need access to physical cash or liquid funds quickly. Knowing how to get cash from a credit card can be a valuable skill in emergencies or when you need to make a cash-only payment. However, this process, commonly known as a cash advance, comes with distinct rules, fees, and potential pitfalls. This comprehensive guide will walk you through every legitimate method, the associated costs, and the smart strategies to consider before you proceed.

WHAT DOES GETTING CASH FROM A CREDIT CARD MEAN?

When you get cash from a credit card, you are essentially borrowing money against your available credit line, but in the form of physical currency or its direct equivalent instead of a purchase. This transaction is formally called a cash advance. Unlike swiping your card for a product or service, a cash advance is treated differently by your card issuer. It often carries a higher interest rate, has no grace period, and may include additional fees. Understanding this distinction is crucial to making an informed financial decision.

TOP WAYS TO GET CASH FROM A CREDIT CARD

There are several methods you can use to access cash from your credit card. Each method has its own process, fees, and limitations. Here are the most common approaches.

1. ATM Cash Advance

The most straightforward method is using your credit card at an ATM. To do this, you will need a Personal Identification Number (PIN) from your card issuer. You can request a PIN when you first receive your card or by calling customer service. Once you have your PIN, simply insert your card at any ATM, select the cash advance option, and withdraw the desired amount up to your available cash advance limit. Keep in mind that your cash advance limit is often a small percentage of your total credit limit.

2. Bank Teller Cash Advance

If you prefer to deal with a person rather than a machine, you can visit a bank that issues your credit card. For example, a Visa or Mastercard can often be used at a teller window at participating banks. You simply present your card, a valid government-issued photo ID, and request a cash withdrawal. The teller will process the transaction as a cash advance. This method can be useful if you need a larger amount than the ATM allows or if you do not have your PIN handy.

3. Convenience Checks

Many credit card companies send convenience checks to their cardholders. These are essentially blank checks linked to your credit card account. You can write a check out to yourself or to another party and cash it at your bank. However, convenience checks are almost always treated as cash advances. They often come with their own set of fees, so reading the terms printed on the check is essential before using them.

4. Overpayment Refund

A less common but legitimate method involves intentionally overpaying your credit card balance. If you have a zero balance or a small balance, you can send a payment larger than what you owe. This creates a negative balance or credit balance on your account. You can then request the card issuer to refund this overpayment, typically by issuing a check or depositing the funds into your bank account. While this is not a direct cash advance, it is a way to access funds from your card without incurring the typical cash advance fees. However, card issuers may scrutinize this practice if done repeatedly.

5. Peer-to-Peer Payment Services

Services like PayPal, Venmo, and Cash App offer another indirect route. You can send money from your credit card to another person or to a second account you control. For example, you can use your credit card to send money to a friend via PayPal, and that friend can give you the cash. Alternatively, you can send funds to your own business account and then withdraw them. Be aware that most peer-to-peer services charge a convenience fee (often around 2.5% to 3%) for credit card transactions, and the card issuer may also treat this as a cash advance.

6. Balance Transfers

While a balance transfer is not a direct way to get cash, some credit cards offer balance transfer checks that can be deposited into your bank account. This effectively gives you cash at the lower balance transfer interest rate, often with a promotional 0% APR period. However, there is usually a balance transfer fee (typically 3% to 5% of the amount). This method can be cheaper than a cash advance if you need a large sum and can pay it off within the promotional period.

UNDERSTANDING THE COSTS OF GETTING CASH FROM A CREDIT CARD

Before you decide how to get cash from a credit card, it is vital to understand the true cost. Cash advances are among the most expensive ways to borrow money. Here are the key costs involved.

Cash Advance Fees

Almost every credit card charges a fee for cash advances. This fee is typically either a flat rate (e.g., $5 or $10) or a percentage of the transaction amount (usually 3% to 5% of the amount withdrawn), whichever is greater. For instance, if you withdraw $200 and the fee is 5% or $10, you will pay $10. These fees add up quickly and make small withdrawals particularly expensive.

Higher Interest Rates

Cash advances almost always carry a higher Annual Percentage Rate (APR) than regular purchases. While your purchase APR might be 18%, your cash advance APR could be 24% or higher. This higher rate applies immediately to the amount you withdraw.

No Grace Period

One of the most significant drawbacks is the lack of a grace period. With regular purchases, you have a grace period between the end of your billing cycle and the payment due date. If you pay your balance in full by the due date, you pay no interest. Cash advances completely bypass this benefit. Interest begins accruing from the day you take the cash advance, with no interest-free period. This means even if you pay your entire credit card bill on time, you will still owe interest on the cash advance amount from the day of the transaction.

ATM and Bank Fees

In addition to the card issuer's cash advance fee, you may also be charged a fee by the ATM owner or the bank where you conduct the transaction. These fees vary but can range from $2 to $5 per transaction. When you combine the ATM fee, the cash advance fee, and the immediate interest charges, the cost of obtaining cash can be surprisingly high.

SMART ALTERNATIVES TO CONSIDER

Given the high costs associated with cash advances, exploring alternatives is almost always a good idea. Here are some better options to consider before you use your credit card for cash.

Personal Loan

If you need a larger sum of money and have a good credit score, a personal loan from a bank or online lender typically offers much lower interest rates than a cash advance. The application process may take a day or two, but the savings can be substantial.

Debit Card Withdrawal

If you have funds in your checking or savings account, simply use your debit card at an ATM. This is the cheapest and simplest way to get cash. There are no interest charges, and you only pay an out-of-network ATM fee if applicable.

Borrowing from Friends or Family

While it can be awkward, borrowing a small amount from someone you trust and paying them back promptly is often free of fees and interest. This can be a much better short-term solution than a cash advance.

Credit Card Purchase

and Return

In very rare situations, you might consider making a purchase with your credit card and then returning the item for a cash refund. However, many retailers only issue refunds back to the original card, not as cash. Additionally, this practice can be seen as abuse of the return policy and may be discouraged.

TIPS FOR MANAGING CREDIT CARD CASH ADVANCES RESPONSIBLY

If you decide that a cash advance is your only option, following these tips can help minimize the damage and keep you in control of your finances.

- **Only use it for true emergencies.** Cash advances should be reserved for situations where you have no other access to funds and the need is urgent, such as a medical emergency or essential travel expense.
- **Borrow only what you need.** Since interest starts accruing immediately, borrowing more than necessary only increases the cost. Withdraw the minimum amount you require.
- **Pay it off as**

quickly as possible. Because there is no grace period, every day the advance remains unpaid, interest is accumulating. Aim to pay off the entire cash advance amount as soon as you can, ideally within a few days.
- **Check your cash advance limit.** Your credit card has a separate cash advance limit, which is usually lower than your purchase limit. Confirm this limit before going to the ATM or bank to avoid a declined transaction.
- **Read your cardholder agreement.** Understand the specific fees, interest rates, and terms that apply to cash advances on your particular card. This knowledge allows you to make an informed decision.
- **Consider using a card with a low cash advance APR.** Some credit cards offer promotional rates or lower standard rates for cash advances. If you frequently travel or need emergency cash, having a card with favorable terms can be beneficial.

FREQUENTLY ASKED QUESTIONS ABOUT GETTING CASH FROM A CREDIT CARD

Can I get cash from a credit card without a PIN?

Yes, you can. You can visit a bank teller and present your card and ID to request a cash advance. Alternatively, you can use convenience checks or peer-to-peer payment services without needing a PIN.

Is a cash advance the same as a purchase?

No. A cash advance is treated as a separate transaction with its own fee structure, interest rate, and repayment terms. It does not qualify for any grace period or rewards points typically earned on purchases.

Does a

cash advance affect my credit score?

A cash advance does not directly affect your credit score any differently than a regular purchase. However, it increases your credit utilization ratio (the amount of credit you are using compared to your limit), which can lower your score if it pushes your ratio above 30%. Additionally, if you cannot pay it back quickly, the accumulating interest can lead to higher balances and potential missed payments, which will negatively impact your score.

How much cash can I get from my credit card?

The amount is determined by your cash advance limit, not your total credit limit. This limit is usually 20% to 50% of your total credit line. For example, if you have a $5,000 credit limit, your cash advance limit might be $1,000.

Are there any credit cards that offer low-cost cash advances?

A few credit cards, particularly