

## Money Matters

### Traveling cheaply:

- Most of us have to refrain from spending very much money when going abroad, but it would be a mistake to travel in the cheapest way possible. This could mean putting yourself at risk, and you might end up paying a high price on your health or state of mind. Instead, try to get the most for your money while accomplishing your goals for the trip and having a great time. Some of the ways to save money are:

- find a low-priced airline ticket
- go with a group such as a package deal or a tour
- get discounts with an International Student Identity Card (ISIC)
- stay in youth hostels or other safe but inexpensive accommodations
- eat at local eateries or buy groceries and prepare your own meals
- most importantly: develop a reasonable budget and stick to it.

### Taking money abroad:

- **Take money abroad in as many of the following ways as possible. It is advisable to have several options of accessing money available to you.**

- **Travelers' checks** are the safest way to carry money abroad as they can be replaced if lost or stolen. They are useful for emergency backup in case the bank machines are down or there is no other way to access cash. It is best to buy them in the U.S., then exchange them for currency abroad. Disadvantages are that you may be charged a fee when you cash them, not all stores or hotels accept them as a form of payment, and some banks in developing countries will not accept them. Additionally, in certain countries they are difficult to cash and/or generally not accepted. Check with your program coordinator or inquire at your country-specific pre-departure orientation regarding the situation for your destination. Travelers' checks come with receipts, which should be stored in a safe place, separate from the checks themselves, so that you can replace the checks if lost or stolen. The most widely accepted brand (and easiest to replace) is American Express. AAA, some banks, and some credit unions issue them with no fee to members.

- Exchanging some U.S. money for **local currency** when you first arrive, at least enough for phone calls and taxi from the airport, is a wise idea. This can be done at major banks or in currency exchange offices at international airports.

- Consider purchasing at least \$100 in local currency **before** you leave the U.S. in case you cannot exchange money right away or can't find an ATM. Several banks in Ames offer this service. Carry cash in a safe place on your body, such as in a money belt or a pouch around your neck, hidden under your clothes.

- Students spending a semester or more abroad will be able to set up a **bank account** in a local bank after arriving at their destinations. Travelers' checks will be accepted when opening an account. Opening an account will allow you to obtain a local ATM card and not have to worry

about locking up large amounts of money. You can choose a local bank or a branch of a U.S.-based bank. Some banks will require a letter of recommendation from your home bank in the U.S. There are usually large fees for transferring money from your home bank to your new account. Be prepared for a 4-to 6-week waiting period while they activate your account.

- **Credit cards** are widely accepted in most countries and are necessary in an emergency. Credit cards are convenient, reduce the amount of cash you need to carry, and automatically give you a good exchange rate. You should carry at least two credit cards from different companies, for instance one Visa and one MasterCard.
- **Remember**, the interest rates may be high if you don't pay off your card every month, they are subject to theft, it is easy to spend money you don't really have, and they can become demagnetized. You can access cash from your credit card (you will need to know your international PIN if using an ATM to do this) but the interest rates are extreme, so avoid this option if possible. If the card goes missing, call immediately so you will not be charged for items you did not purchase.
- **ATM cards and debit cards** are very convenient abroad to obtain local currency. Find out from your bank your international PIN for abroad (some are 4 digits, some 6), if your card is connected to a world-wide system (Cirrus, Plus), if fees are charged for using a foreign ATM, and your daily withdrawal limit (some banks will raise it if you ask). Be sure that your withdrawal limit is going to be sufficient for your needs when you are abroad. Talk with your bank officials about this and the availability of ATM services and the system used by your bank in your target country(s). **Watch for thieves when using an ATM, and do not use the ATM after dark, if possible.**
- You can find **ATMs** abroad via the Internet. MasterCard and Cirrus cardholders can check [www.mastercard.com/cardholderservices/atm](http://www.mastercard.com/cardholderservices/atm), and those with Visa and Visa Plus cards can use [www.visa.com/pd/atm/main.html](http://www.visa.com/pd/atm/main.html). Though American Express doesn't have an online ATM locator, cardholders can call 800-227-4669 in the U.S. or 910-333-3211 collect from abroad for locations.
- **Prepaid travel money cards**, such as the Travelex Card, can be used as a debit card or with a PIN in a Visa ATM. The advantage to these cards is that they are not connected to your bank account; if lost, you lose no more than the prepaid value of the card. There is a minimum value of \$300. A fee is charged each time you use the card (similar to prepaid telephone cards).
- **Personal checks** drawn on a U.S. bank will NOT be accepted abroad.

#### **Sending money abroad:**

- Sending money overseas is time-consuming and expensive; it's best to avoid doing this.
- Transferring money from the US is possible to do between accounts at **most major banks**, but it is expensive and may take a few days.

- If money is needed right away, you can instantly wire money through an agency such as **Western Union, American Express, or Moneygram**. The fees are high, usually 10% of the total amount being wired, and money can be picked up only at certain locations in major cities. You may need to show a passport for identification when picking up money that has been wired to you.
- **In an emergency**, you can have money sent via the State Department's Citizens' Emergency Center. Emergency here means destitution, hospitalization, or death.

### **Exchanging currency:**

- **Exchange rates** vary from day to day and from source to source. Rates in the U.S. are typically less favorable than abroad, so do most of your exchanges after you arrive. Shop around, but don't waste too much time on it. In general, the exchange at the airport and at banks in large cities will have the best rates.
- To get an idea of the exchange rates for various countries, try <http://www.xe.net/currency>.
- **Coins** won't be exchanged when you return, so spend them before you leave the country.

### **Tipping:**

Tipping is not customary in every country. In some countries, it is rude to tip but in others it is rude not to leave some extra payment for the server, so be sure you consult a guidebook before you go.

**SETTING UP A BUDGET:**

Documents:            passport \_\_\_\_\_  
                                  visa(s) \_\_\_\_\_  
    Youth Hostel membership \_\_\_\_\_  
                                  travelers' checks \_\_\_\_\_  
    foreign currency purchased \_\_\_\_\_  
                                  in advance \_\_\_\_\_

Transportation:        airfare \_\_\_\_\_  
                                  train pass(es) \_\_\_\_\_  
                                  local transportation \_\_\_\_\_  
                                  departure tax \_\_\_\_\_

Medical:    medications to take \_\_\_\_\_  
                                  inoculations before you go \_\_\_\_\_  
                                  spare glasses/contacts \_\_\_\_\_

Daily expenses (X travel days):  
    food, tips (consider drinking \_\_\_\_\_  
                                  age and your habits) \_\_\_\_\_  
                                  accommodations \_\_\_\_\_  
                                  entertainment (theatre, \_\_\_\_\_  
                                  museum fees, sight-seeing) \_\_\_\_\_

Shopping:            personal \_\_\_\_\_  
                                  gifts \_\_\_\_\_

Postage/Phone/Internet access: \_\_\_\_\_

Miscellaneous: \_\_\_\_\_

Emergency fund: \_\_\_\_\_

**TOTAL:**                                    \_\_\_\_\_