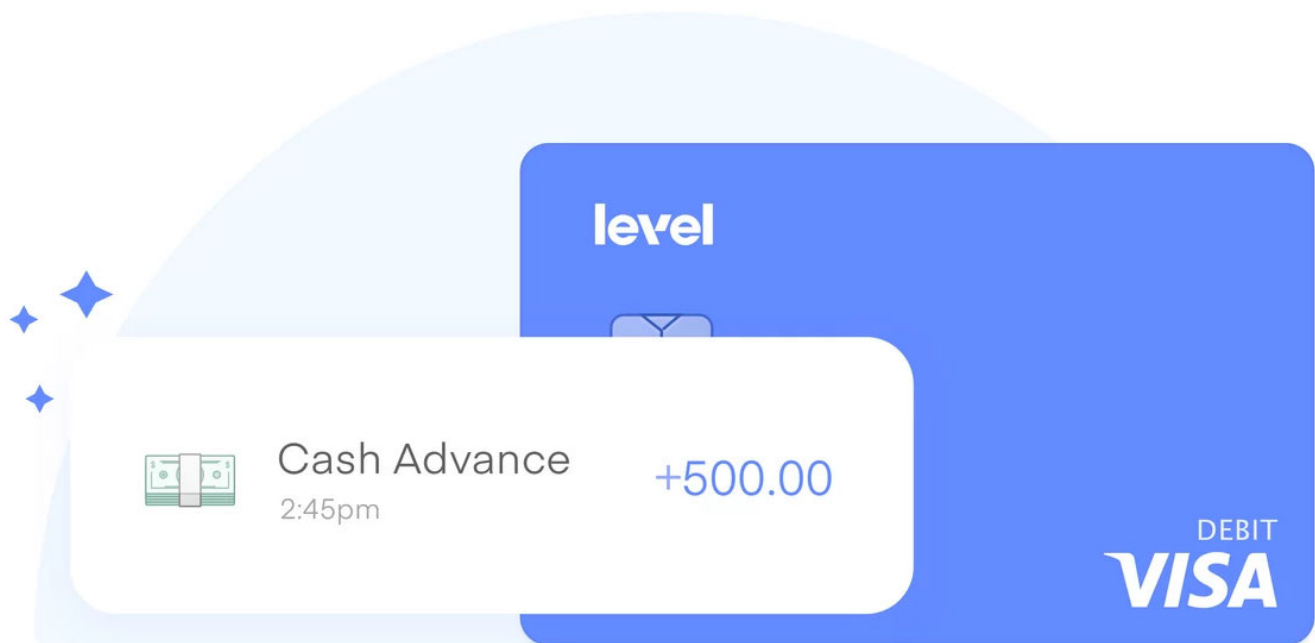


# What is a cash advance? Defining cash advance and answering 5 common questions

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Sometimes life is unpredictable. You may find yourself needing money for an unexpected or emergency expense, but payday is still days away. To help you get by in a pinch, you may consider using a cash advance service, but what exactly is a cash advance and how does it work?

Here's what you need to know about cash advances and how to get the most out of them.

1. What is a cash advance?
2. Are there fees associated with cash advances?
3. How do I get a cash advance?
4. When should I get a cash advance?
5. Will a cash advance hurt my credit score?

## **What is a cash advance?**

A cash advance allows you to use your debit or credit card account to access funds to use for life's unexpected expenses or emergencies. Cash advances typically must be repaid in full within a certain time frame. At Level we require payment in full within 15 calendar days, but every financial institution has its own rules\*.

## **Are there fees associated with cash advances?**

Many times, especially when receiving a cash advance through a credit card company, fees and interest may apply. Some companies will charge a flat fee for each cash advance, and others will charge a percentage of the total amount advanced. Furthermore, the interest rates a credit card company charges on cash advances are often higher than the standard rate charged on purchases. Interest usually starts accruing immediately.

When you repay a cash advance on time and in full, you reduce the amount of interest you may accrue. If you use a credit card to take out a cash advance, the

balance is separate from other purchase balances you carry on your account. The minimum payment amount applies to any of your balances, typically the one with the lowest interest rate, which may not be your cash advance balance. By paying more than the minimum amount, any excess amount applies to the balance with the highest interest rate, likely to be your cash advance.

If you are looking for a cash advance option, do your research by reviewing the fees and interest rates attached to the cash advance. Search for alternative options that charge little to no fees or interest charges. Generally, using your debit card to take out a cash advance could be a cheaper option than taking a cash advance from your credit card. Additionally, with the debit card option, you won't have to worry about it negatively affecting your credit score.

**Tip:** If you currently receive payroll direct deposits of \$200 or more, Level offers no fee, and no interest cash advances up to \$500\*.

## How do I get a cash advance?

Every financial institution has its own procedure to receive a cash advance.

**In-person:** Some banks and credit unions require their customers to apply in person at one of their branches. Remember, your financial institution may charge a fee to receive a cash advance, so do your research beforehand.

**At an ATM:** If you have a PIN associated with your credit card, you can insert your card at an ATM and receive cash. ATMs and credit card companies usually limit you to a set dollar amount or have a daily transaction limit, so you may not be able to access the full amount you qualify for. Additionally, out-of-network ATMs may incur a fee in addition to the fees and interest charged by the credit card company.

**Online or via an app:** Technology and security advancements over the past decade have made it easier for people to manage their finances. Certain banking services, such as Level, offer their members access to cash advances right from an app\*. This is an easier way to control your finances, keep track of your spending, and access cash advances.

## When should I get a cash advance?

Cash advances can be helpful when you need extra cash to cover unexpected expenses, especially if payday is weeks away. Accessing a cash advance can be a better option than a potential eviction from your home for not being able to pay your rent that month. Or, it can be used to pay for essential bills such as electricity, internet, or water. These are some examples of when a cash advance could be the right option for you.

## Will a cash advance hurt my credit score?

Depending on how you access a cash advance (credit vs. debit card), borrowing can impact your credit score. If you use a credit card for an advance, it can hurt your score if it pushes your credit utilization above 30%. If an advance increases your ratio above 30%, it could make you look riskier to borrowers and cause your credit score to lower.

If you need a cash advance and worry about it impacting your credit score, consider using a debit card. Some debit cards may charge fees to access a cash advance, but you're not paying interest on the money you borrow. Look for debit cards such as Level that do not charge fees or interest on cash advances\*.

Depending on your financial situation, a cash advance may help when you're in a bind. Every financial institution has its own rules and fees for cash advances, so be sure to do your research and ensure that you understand all the fees and interest charges that may come with it.

## Writer Bio



### **Katy Sputo**

Katy Sputo is the Marketing and Social Media Coordinator at Level. She aims to make all things financial fun and interesting to learn.

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\*Cash advances offered through your Level Bank Account is an optional, no fee service. We do not charge any interest or fees for cash advances; however, you must be enrolled in Plus or Premium membership which has monthly membership dues. To be eligible for cash advances, you must receive direct deposit(s) in your active Level Bank Account. Alternatively, you may be eligible with a Plaid connected external checking or savings account that receives payroll direct deposit(s). All cash advances must be repaid in full within 15 calendar days. To receive a higher cash advance amount, you must have a continuous and positive cash advance repayment history on your Level Bank Account. See the “Cash Advance Terms and Conditions” section of the Level Bank Account Agreement for more information.

Level Debit Card is offered through Evolve Bank & Trust pursuant to a license from VISA U.S.A. and may be used everywhere Visa debit cards are accepted.