your toughest money dilemmas—solved

We'll help you decide how best to pay for purchases, whether to quit cable, where to put leftover funds, and more. by **CHERYL LOCK**

Should you pay by credit or debit card?

Most of us face this question on a daily basis and don't give it much thought. But you should. Alan Henry, Lifehacker.com deputy editor and technology expert, says credit cards are the clear winner. They offer greater security for online shopping. If you're unsatisfied with a product or suspect fraud, issuers do a better job than your bank in investigating sellers and retracting payments. Many credit cards also include an extended warranty on electronics purchases. If you're traveling overseas, they provide lower currency-exchange fees. And many offer valuable points, rewards, or cash-back options. The one caveat: "Never take out more credit than you can handle," warns Henry. If you're prone to racking up sizable bills that you can't pay off, stay out of debt by using your bank card, which won't let you spend more than you have in your account.

illustrations by **LUCI GUTIÉRREZ**

Should you stay with cable or ditch it?

With cable bills skyrocketing (the average family now pays $123 per month) and ever more alternatives emerging, the smart move for many is to cut the cord, points out Suzanne Kantra, founder and editor of Techlicious.com, a consumer-electronics advice site. If your favorite shows are on local TV, consider a digital antenna, which allows you to pick up free signals in your area; try the Antennas Direct Micron-R ClearStream Indoor UHF DTV ($60 at amazon.com). To add a variety of content on demand—from basic cable and network shows to original programs—you can add Hulu (starts at $8 a month), Netflix streaming (starts at $10 a month), iTunes ($1 and up per episode), and/or Amazon Prime ($99 per year). These services let you customize what you view through a computer, streaming video box (like Amazon Fire TV Stick, $40, or Roku, starts at $50), or gaming system (like Xbox One, $350). Sling Television (starts at $20 per month) and PlayStation Vue (starts at $50 per month and available through PlayStation consoles) enable you to watch "live" TV, movies, and sports without a cable or satellite subscription. HBO Now ($15 per month) lets you stream all of the network's content to the box or digital or mobile device of your choice, including first-run *Sesame Street* episodes. Showtime has a similar service ($11 per month, or $9 with Hulu). Sports nuts can subscribe to MLB TV (starts at $130 per year), NBA League Pass (starts at $120 per season), or NHL GameCenter (starts at $105 per season). Football fans will need NFL Sunday Ticket ($42 per month for DirecTV subscribers and $50 per month for the streaming

service). Note that when you quit cable, you'll still need a broadband Internet connection, which costs $20 or more per month—so factor that into how much you're really saving.

Should you save for retirement or college first?

As a parent it's hard to imagine saddling your kids with enormous debt—even a public university education is projected to cost close to $100,000 by the time your baby is ready to leave the nest. Still, this adage bears repeating: Your child can take out loans for school; you can't do the same for retirement. So put yourself first for a change. Aim to sock away 15 percent of your income in a tax-deferred 401(k) plan at work or an Individual Retirement Account (IRA) or a Roth IRA, advises Gary Belsky, coauthor of *Why Smart People Make Big Money Mistakes and How to Correct Them.* Any free funds remaining can go into a 529 college savings plan. Set up automatic 529 deductions from your paycheck or checking account, and ask your parents and in-laws to contribute too. Every little bit you invest now will help make higher education for your child a reality.

Should you buy a house or keep renting?

Home ownership has long been the American dream, but with the fast-rising real-estate prices of recent years, it's become a stretch for many young families. Online calculators at msn.com/money and trulia.com let you plug in your finances and weigh the options. But they can't make this crucial life decision for you. If you plan to live in your home for at least five years (generally considered the break-even point), can manage a down payment of 20 percent, and possess sufficient funds to cover the maintenance and utility costs that come with home ownership, go for it, says Jane Hodges, author of *Rent vs. Own.* If you meet only some of these criteria, talk with a financial planner to determine whether you're better off renting—and working to bolster your savings—before taking the next step.

Should you set up an emergency fund or focus on paying off your debt?

It's crucial to have money set aside in case you or your partner loses a job or you're faced with unexpected expenses (like a major dental bill or a new hot-water heater). But it's also important not to fall deeper into debt. Determining which of these to address first depends on the type of obligations you have, says Stephany Kirkpatrick, vice president of financial advice for LearnVest.com.

If saving the recommended three to six months' worth of your net salary in an emergency fund seems impossible, shoot for one month—and keep making minimum payments. Then chisel away at any card balances you have. "Credit cards are dangerous because the rates are high and the interest grows daily," says Kirkpatrick. Once you've paid them off, fully fund your emergency account. When that's done, switch your attention to paying off lower-interest car and student loans. That may sound like a lot, but it's a blueprint that will help secure your family's financial future.