



## What is a Personal Line of Credit?

Personal Lines of Credit (PLOC) has headlined the news recently. But what exactly is it, and how can it benefit you?

Simply put, a PLOC is an unsecured revolving account which allows you to draw funds up to a certain limit. Much like a credit card, a PLOC allows you to borrow money when you need it the most. This option can be useful if you have irregular income or when faced with unexpected expenses such as when an appliance suddenly breaks, car repairs, emergency home damage or even medical expenses.

### PLOC versus Credit Cards

Some people may wonder why not just use a credit card versus a PLOC. PLOCs usually have lower interest rates than credit cards, so they are typically cheaper for large cash advances. Keep in mind that PLOCs are unsecured loans.



### How does a PLOC work?

With a PLOC, you access the money as you need to use it and repayment is based on the funds utilized. At many financial institutions, including Nymeo, you can access the funds by transferring the amount you need in online or mobile banking. Keep in mind, like a credit card, funds that are drawn must be repaid with interest which is variable (rises and falls depending on the market). PLOCs may also have an expiration date.

### Why use a PLOC?

What's the benefit of having a PLOC? We've all been confronted with unexpected expenses that pop up and cash flow may be tight at the time. A PLOC can be used as a back-up fund for these situations.





### Is PLOC the same as a Personal Loan

These are two different types of loans. With a personal loan, you receive a lump sum that you can deposit into any account in full and utilize however and whenever you choose. With a personal loan, you make monthly payments on both the principal and interest, often at a fixed rate, until it is full paid off.

A PLOC is not paid to you in a lump sum and the interest rate is usually variable. Again, it can be accessed when and if you need it. Plus, with a PLOC, you need to pay back principal and interest only on the portion of the line of credit you decide to use.

### At Nymeo, we offer a Personal Line of Credit!

Because it protects you in many ways, at Nymeo, we call PLOCs [Overdraft Lines of Credit](#). With this variable-rate credit line, our members have the peace of mind against accidental overdrafts, while also having access to additional funds as a back-up! Unlike other financial institutions, we do not charge annual fees or per-usage charges.

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