

CAAB's newsletter is designed to ensure that our IDA/MDA Savers are fully informed about relevant money management topics, effective savings strategies, financial education opportunities in the DC area, and upcoming CAAB events. Every month we will either feature a different article focusing on strategies or products that can help you plan for and achieve your savings goals, or we will share the story of a fellow saver.

The Ups and Downs of Prepaid Cards

The following article is taken from the Consumer News & Information section of the FDIC website (www.fdic.gov). The full article can be found at <http://www.fdic.gov/CONSUMER/CONSUMER/news/cnfall09/prpaid.html>

It's hard to visit a retail store today without finding a sales display for products known as stored value cards or, more commonly, prepaid cards. These cards, which generally allow consumers to spend only the money deposited onto them, have evolved in recent years from gift cards sold by individual retailers to multi-purpose, reloadable cards that can be used to pay for purchases and access cash at ATMs around the world.

Most prepaid cards are branded with the logo of one of the major card companies (such as American Express, Discover, MasterCard or Visa) and can generally be used at any merchant or ATM that accepts those cards. But unlike a credit card, a prepaid card generally will not allow you to build a credit history because no money is being borrowed. Also, some prepaid cards can only be used at one store or service provider.

Some prepaid cards come with a set value, while others require you to load money after obtaining the card. Other cards are used only to receive government benefits (such as the Direct Express® debit card for Social Security payments) or wages deposited by employers (payroll cards). Prepaid cards are also marketed

as alternatives to traveler's checks, especially for international travel, and as a way for parents to give an allowance to their children. They also are being promoted to consumers who are unwilling or unable to open a bank account.

While prepaid cards have potential benefits, they also come with potential costs and limitations. "Consumers should not look at prepaid cards as permanent substitutes for bank accounts," said Luke W. Reynolds, Chief of the FDIC's Community Outreach Section. "People who are able to open a traditional bank account and manage it properly can pay less in fees, earn interest, write checks to merchants who don't accept plastic, more easily save for future expenses, and perhaps benefit from more federal protections than with certain pre-paid cards. Ultimately, you need to be fully informed and shop around to get the best deal."

How can a consumer wisely choose or use a prepaid card?

Look into the fees, which can add up if you're not careful.

Read all the information that comes with the card so that you understand which fees are mandatory and which ones you can avoid. Possible fees include those to activate (start using) the card, add money onto the card, make purchases, withdraw cash, inquire about your balance at an ATM (that's in addition to any fee charged by the company that operates the ATM you use), receive a statement in the mail or speak with a customer service

representative. But some card issuers also will waive certain fees – for example, if you regularly receive funds by direct deposit onto the card.

Also look carefully for any differences in transaction fees if you choose to sign for a purchase (by pushing "credit" at the card reader) instead of entering your personal identification number or PIN (as a "debit" transaction). Some cards may also assess a fee if you try to spend more money than is on the card. "Don't assume there can't be overdraft fees with a prepaid card," said Reynolds. "Just as you would with a checking account, track your balance, perhaps with a check register, to avoid the risk of overdraft fees."

Under a new federal law, effective August 22, 2010, inactivity fees on prepaid cards can be imposed only when a transaction has not occurred for at least 12 months. Also, prepaid cards cannot expire for at least five years after the card was issued or money was last loaded onto the card.

Understand your consumer protections, which may vary depending on the card you use.

Some prepaid cards may not provide the full range of federal protections afforded to other cards, including debit cards associated with your bank account. In addition, cards branded as part of a network may come with their own protections against errors or fraud. For details, review the materials you receive with the card to understand any steps you

CONGRATULATIONS!

The following savers made asset purchases in the past month

Business

Wakene Adeba
Emmanuel Adu
Valerie Barrow
Delores Ford
Saled Mohammed

Education

Fatimata Bangura Tarawallie
Brittany Beatty
Lisette Bonilla
Trenton Carmon
Tarik Cranston
Rachel Gutfreund
Brigitte Guy
Miaoyi Li
Ashley McBride
John McNeill
Frenika Mudd
Hedy Romero
Carla Spence
Alemshet Woldeab

Home

Tallie Carter
Kevin Johnson
Melaku Maichew
Gregory Watkins

Medical Debt

Rana McWane

must take to receive the card issuer's protections.

Take additional precautions to protect yourself from fraud or theft. Experts suggest that consumers be wary of any offer to sell them a prepaid card for less than its face value, because it may have been stolen or otherwise obtained improperly. When you first get a card, inspect it for indications that any of the protective stickers have been tampered with. It's also always important to promptly review your monthly statement (online or on paper) to check for errors or fraud.

Have you completed your required 8 hours of financial education?

Sign up today for CAAB's free 5-week class:

Money Management 101

The next series starts in a few weeks!

Tuesdays, 6:30p.m.-8:30p.m., from May 25 - June 22

OR

Saturdays, 10:00a.m.-12:00p.m., from May 22 – June 26
(skipping May 29)

Week 1 - Setting financial goals, tracking expenses

Week 2 - Budgeting, spending habits

Week 3 - Understanding credit

Week 4 - Knowing your rights

Week 5 - Financial institutions and products

All classes are held at CAAB's office, 1801 K St NW, Suite M100 (metro stops Farragut North and Farragut West)

To register call **202-419-1440** or email seminars@caab.org



Need legal advice?

If you have a civil legal matter in DC, you can meet in private with an attorney to discuss your legal problem.

The DC Bar Pro Bono program sponsors a FREE walk-in clinic on the 2nd Saturday of every month. Bring all relevant documentation with you. The next clinic will be held on:

**Saturday, May 8
10:00a.m.—Noon**

Two locations:
Bread for the City NW
1525 7th St NW
(metro stop Shaw/Howard U)

OR

Bread for the City SE
1640 Good Hope Rd SE
(metro stop Anacostia)



Capital Area Asset Builders
1801 K St NW
Suite M100
Washington, DC 20006
(202) 419-1440
www.caab.org

Know your tenant rights

The Office of the Tenant Advocate is sponsoring the DC Latino Tenant Summit.

Learn more about your rights as a DC tenant at the Summit, plus there will be giveaways and free food!

May 15, 2010

9:00a.m.-3:00p.m.

Carlos Rosario International Charter School

1100 Harvard St NW

(metro stop Columbia Heights)



Registration is free!

For more information and to register call **202-719-6560** or visit www.ota.dc.gov

Do you want to improve your technical skills?

Do you want to enhance your technical and office automation skills to re-enter the job market, prepare for a promotion, or transition to a new career?



Virtuous Enterprises, Inc. (VEINC) is offering Education-2-Go, a 12-week online training program designed to prepare you to become certified in **IC³** or **Microsoft Certified Application Specialist**.

The registration fee for Education-2-Go certification courses is \$35.

For more information call **301-316-1955 x 707** or visit <http://educate2go.eventbrite.com/>

Are you interested in discussing local business topics?

Join the Ward 7 Business and Professional Association for its monthly strategic planning breakfast!



Denny's
4445 Benning Rd NE
1st Monday of every month
8:00a.m-10:00a.m.

For more information visit www.Ward7BPA.org, or contact Julius Ware at **202-338-9727** or president@ward7bpa.org