

Money for Life

November 2005

Dear Readers,

Many companies that solicit new credit card accounts and insurance policies use prescreening to identify potential customers for the products they offer. This month's newsletter provides information from the FTC on prescreened offers and how you can opt out.



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Prescreened Offers



Prescreened offers — sometimes called “preapproved” offers — are based on information in your credit report that indicates you meet criteria set by the offeror. Usually, prescreened solicitations come via mail, but

you also may get them in a phone call or in an email.

Prescreening works in one of two ways:

a creditor or insurer establishes criteria, like a minimum credit score, and asks a consumer reporting company for a list of people in the company's database who meet the criteria; or

a creditor or insurer provides a list of potential customers to a consumer reporting company and asks the company to identify people on the list who meet certain criteria.

Opt-Out or Not

Some people prefer not to receive these kinds of offers in the mail, especially if they are not in the market for a new credit card or insurance policy. They may prefer to opt out to limit access to their credit report information for credit and insurance solicitations, or to reduce some mailbox “clutter.” However, some companies send offers that are not based on prescreening, and your federal opt-out right will not stop those kinds of solicitations.



As you consider opting out, you should know that prescreened offers can provide many benefits, especially if you are in the market for a credit card or insurance. Prescreened offers can help you learn about what's available, compare costs, and find the best product for your needs. Because you are pre-selected to receive the offer, you can be turned down only under limited circumstances. The terms of prescreened offers also may be more favorable than those that are available to the general public. In fact, some credit card or insurance products may be available only through prescreened offers.

Opting Out of Offers

If you decide that you don't want to receive prescreened offers of credit and insurance, you have two choices: You can opt out of receiving them for five years or opt out of receiving them permanently. Call toll-free 1-888-5-OPTOUT (1-888-567-8688) or visit www.optoutprescreen.com for details. The telephone number and website are operated by the major consumer reporting companies. When you

call or visit the website, you'll be asked to provide certain personal information, including your home telephone number, name, Social Security number, and date of birth. The information you provide is confidential and will be used only to process your request to opt out. If you have joint credit relationships, like a mortgage or a car loan with a spouse, you may continue to receive some prescreened solicitations until both of you exercise your opt-out right.

Requests to opt out are processed within five days, but it may take up to 60 days before you stop receiving prescreened offers. If you opt out and then change your mind, you can use the same toll-free telephone number or website to opt back in.

Calling the opt-out line or visiting the website will stop the prescreened solicitations that are based on lists from the major consumer reporting companies. You may continue to get solicitations for credit and insurance based on lists from other sources. For example, opting out won't end solicitations from local merchants, religious and charitable associations, professional and alumni associations, and companies with which you already conduct business. To stop mail from groups like these — as well as mail addressed to “occupant” or “resident” — you must contact each source directly.

Prescreening and Credit Reports



There will be “inquiries” on your credit report showing which companies obtained your information for prescreening, but those inquiries will not have a negative effect on your credit report or credit score. Removing your name from prescreened lists has no effect on your ability to apply for or obtain credit or insurance.

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Other Opt-Out Programs



The federal government has created the National Do Not Call Registry — a free, easy way to reduce the telemarketing calls you get at home. To register your phone number or to get information about the registry, visit www.donotcall.gov or call 1-888-382-1222 from the phone number you want to register. You will get fewer telemarketing calls within 31 days of registering your number. Your number will stay on the registry for five years, until it is disconnected, or until you take it off the registry. After five years, you will be able to renew your registration.

The Direct Marketing Association (DMA), a trade association for businesses in direct, database, and interactive global marketing, maintains a Mail Preference Service that lets you opt out of receiving direct mail marketing from many national companies for five years. When you register with this service, your name will be put on a “delete” file and made available to direct-mail marketers. However, your registration will not stop mailings from any organizations that are not registered with the DMA's Mail Preference Service. To register with DMA, send a letter to:

Direct Marketing Association
Mail Preference Service
P.O. Box 643
Carmel, NY 10512

Or register online for \$5.00 at:

www.the-dma.org/consumers/offmailinglist.html

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