

Money for Life

March 2004

Dear Readers,

Consumers today have numerous options when paying for purchases. Often a quick decision is made without paying much attention to the consumer protections offered. This month's newsletter includes information from the FDIC on your rights, potential risks, and benefits of the most common ways to pay for purchases.

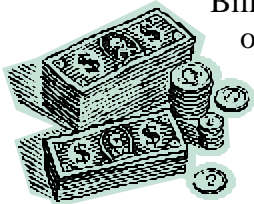


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Cash

Cash doesn't provide the solid consumer protections that exist for other forms of payment. If you don't keep good records and receipts, you won't have a paper trail to help resolve disputes or help you track your spending for money management purposes.

Bills and coins can also easily be lost or stolen.



With cash there are no specific state, federal, or industry protections if you pay for a product or service that turns out to be defective. However, you may be protected by general laws in your state governing business and trade. You might have a case under state law as a breach of contract or warranty.

Always get and keep receipts, written warranties, and other documentation. Without them, it's your word against the merchant's in a dispute, and those battles can be hard to win.

Personal Checks



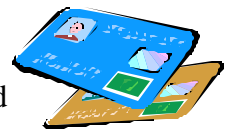
Most of the consumer protections for checking accounts are covered by state laws under the Uniform Commercial Code (UCC), although these "uniform" laws can vary by state.

What can you expect under state laws? They may, for example, limit your losses if someone steals your checks and forges your signature. You also have the right under the UCC to stop payment on a check, but you have to act quickly (before your check clears) and be prepared to defend your action when the merchant demands payment.

Monitoring your account can help you spot errors or unauthorized transactions. Take precautions to keep thieves away from your checks such as not carrying more checks than you need and keeping extra checks in a secure place.

Credit Cards

Credit cards may offer your best legal remedies against billing errors, damaged merchandise and other problems that buyers



encounter. The federal Truth in Lending Act (TILA) limits your losses to a maximum of \$50 if your credit card is lost or stolen. The Fair Credit Billing Act (FCBA), part of the TILA, protects you against billing mistakes and unauthorized charges. It also allows you to withhold payment on defective

goods until the problem has been corrected, provided certain conditions are met. The FCBA is a big reason why most experts advise consumers to use credit cards when paying for big ticket items or services that you want to know will work as promised

Credit cards are easy to replace if lost or stolen, even if you're far from home. Remember, you need only one or two credit cards, which reduces your total liability if theft occurs. Check your monthly statements carefully for unauthorized charges and your credit reports annually.

Debit Cards



Consumer protections for debit cards generally aren't as strong as those for credit cards. Also, because funds are deducted from your account very quickly, don't expect to have the option to stop payment in a dispute or replenish your account if your balance is low. Debit cards also are not accepted as payment by individuals and some small businesses.

The Electronic Fund Transfer Act (EFTA) offers protections if you believe there's an accounting error or if a thief uses your debit card or card number. Government regulations require debit card issuers to set a maximum liability of \$50 if the debit card is reported lost or stolen within two days of discovery. Liability increases to \$500 if reported within 60 days. If you do not report the theft within 60 days after a statement is sent, you could lose everything in your checking and overdraft accounts.

To protect your account against unauthorized transactions by a thief:

- * Understand your card's security features and the different consumer protections that apply to the different types of cards.
- * Safeguard your account number and PIN. Shred the receipts after you've verified the accuracy of your monthly statement. Don't write your PIN number on your card or leave it in your purse or wallet. And, always stand so that no one can see the keypad at the ATM or checkout counter where you punch in your PIN number.
- * Check your monthly statement and balance your accounts each month in order to spot an unauthorized transfer. Check the account balance printed on your ATM receipts between bank statements. A suspicious drop in your balance could be a sign that a thief has tapped into your account.

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