

HOW TO PROTECT YOURSELF AND YOUR MONEY

Once you've chosen a prepaid card or received one, it's up to you to keep your money safe. Here's how:

USE THE CARD CAREFULLY Keep track of your balance so you don't get charged a fee for trying to spend more than is available. If your wages or other benefits are deposited directly onto the card, make sure you know the amount of the deposit and when it will happen.

KEEP YOUR PIN SECRET Pick a number that's hard for someone else to guess – not your birthday or address. Don't tell it to anyone or write it anywhere it could be easily found.

GET THE IMPORTANT INFO Make sure you know your card issuer's policies for lost or stolen cards, and keep your card number and the customer service phone number in a safe place at home.

ACT QUICKLY If your card is lost or stolen, let the card issuer know right away. Most card issuers will freeze the funds so the card can't be used and send you a new card with your remaining balance on it.

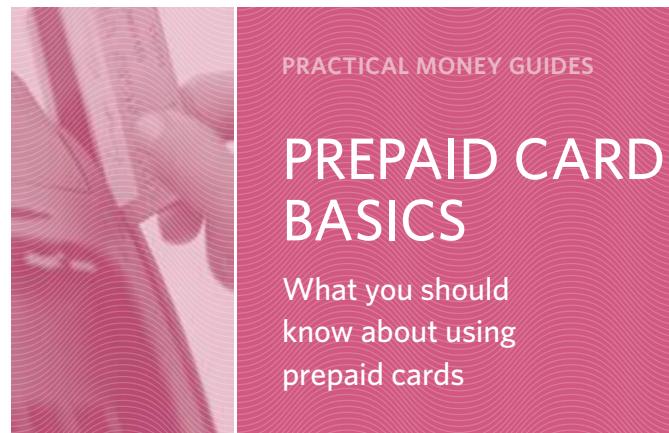
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PREPAID CARDS — AN ALTERNATIVE TO CASH

A prepaid card is a card you load with money to make purchases anywhere a debit card is accepted. It's a safe alternative to carrying cash and paying check-cashing fees. In lieu of travelers checks, prepaid cards can be good options for traveling. They're also a popular gift-giving idea because recipients can use them for whatever they want, and they're widely accepted.

PRACTICAL MONEY GUIDES

BUDGET BASICS
CREDIT HISTORY
CREDIT CARD BASICS
DEBIT CARD BASICS
PREPAID CARD BASICS
IDENTITY THEFT

When you understand how to manage your finances, you've got an invaluable tool in taking control of your life. Wise use of these skills can provide peace of mind, financial freedom, increased buying power and a secure future. This guide is one of a series on **PRACTICAL MONEY SKILLS FOR LIFE.**



What Are Prepaid Cards?

A prepaid card looks like a debit or credit card and similarly allows you to make purchases without cash or checks. Unlike credit cards, you cannot take on debt with a prepaid card, nor are prepaid cards linked to your bank account like debit cards.

A prepaid card has a zero balance until money is added to it. When you make a purchase with a prepaid card, the amount is subtracted from the balance on the card. Once the balance reaches zero, the card is empty. Some prepaid cards can have money reloaded on to them so they can continue to be used. Others, such as gift cards, can be discarded when all of the funds are spent.

With Prepaid Cards You Can:

- Make purchases in person, online, or by phone
- Give gifts to friends and family
- Withdraw cash from an ATM or bank
- Receive wages or funds by direct deposit to the card
- Pay bills

HOW DO PREPAID CARDS WORK?

When you use a prepaid card to make a purchase, the amount is subtracted from the balance of the card. Once the balance reaches zero, the card can be thrown away unless it is a reloadable card, in which case you can add funds and continue using it.

Many employers and government agencies use prepaid cards instead of checks to deliver wages, child support, unemployment, and other benefits.

Choosing a Prepaid Card

When choosing a prepaid card that is right for you, consider the following questions:

- Ask if you can put money on the card yourself, how to do that, and what it costs.
- Get information about where and how you can use the card.
- Find out if your prepaid card comes with monthly statements and how you can check the balance over the phone or online.
- Understand all associated fees for services like activation, monthly maintenance, balance reloading and fees to receive paper statements.

Kinds of Prepaid Cards

OPEN LOOP VS. CLOSED LOOP The two main types of prepaid cards are open loop and closed loop cards. Closed loop cards are merchant-specific, used for transactions exclusively at a particular merchant's locations. An open loop card is associated with and bears the logo of an electronic payment network, such as Visa; open loop cards are honored wherever these networks are accepted.

RELOADABLE CARDS A reloadable prepaid card is one that lets you add funds after your initial purchase. Teen cards, travel cards, and payroll cards are often reloadable.

GIFT CARDS These non-reloadable prepaid cards can be given as gifts and used until the balance is zero.

TEEN CARDS Parents can teach teens financial responsibility while monitoring their spending with teen cards.

TRAVEL CARDS Travel cards are an alternative to cash and travelers checks while traveling. Some cards offer lost luggage reimbursement, emergency card replacement, and zero liability for lost or stolen cards.

PAYROLL CARDS A payroll card is an alternative to traditional payroll methods in which an employee's wages are deposited directly to his or her card.

HEALTHCARE CARDS Healthcare cards are a specific type of prepaid card that let you access funds you've set aside in an employer-provided Flexible Spending Account or a Health Savings Account tied to a high-deductible health insurance plan. You can use the card as you would a debit or credit card to pay for qualified medical expenses such as doctor's visit copayments, prescription drugs and over-the-counter medications purchased with a doctor's prescription.

Features to Look For In a Prepaid Card

There are many prepaid cards out there, and choosing the right one is important. What features are most important to you?

RELOADABLE Some prepaid cards allow you to add money once the balance reaches zero. Gift cards are not reloadable.

LIABILITY PROTECTION Some prepaid cards will protect your balance in case the card is lost or stolen. Look for a card that offers a Zero Liability policy.

EXPIRATION DATES While many cards do not expire, some do carry monthly maintenance fees, which can reduce your card balance. Prepaid cards are best for storing money you intend to spend in the short term.

LOW FEES Is there an activation fee charged when you set up the card? What are the fees charged for ATM withdrawals? Take note of any fees associated with the card you choose.