



PRESS RELEASE

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FDIC Offers Money-Saving Tips in the New World of Credit Cards

Other topics in the latest FDIC Consumer News include depositing money through an agent or broker and understanding the risks and costs of a reverse mortgage

A new credit card law helps protect consumers from most instances of sudden increases in interest rates and other unfavorable changes in terms, but there are still potential pitfalls. The Spring 2010 issue of **FDIC Consumer News**, published by the Federal Deposit Insurance Corporation, offers eight ways to avoid problems including increases in rates and fees and reductions in credit limits. Other timely articles discuss questions to ask before depositing money through an "agent" or broker instead of directly with a bank, and understanding the risks and costs of a reverse mortgage.

Here are examples of the tips and information in the latest newsletter:

New Realities, New Directions for Credit Cardholders: The credit card law passed last year enhanced required disclosures and limited the ability of card issuers to change terms and interest rates on existing balances, but consumers still face account changes. To make the most of their legal protections and take advantage of the competitive marketplace, consumers need to be proactive. Among the suggestions from the FDIC:

- Read all the notices that come from card issuers, even what appears to be junk mail. These notices may contain important information about upcoming rate or fee increases and consumers' rights.
- Shop around for a better offer if the current interest rates or fees seem too high.
- Pay all credit-related bills by the due date – including those for credit cards, car loans and home loans – to show responsible money management. Doing so can reduce the risk that a card's credit limit will be cut or its interest rate increased.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). **PR-121-2010**

Other guidance relates to how to handle transactions that would put cardholders over their credit limit, what to know about "no-interest" offers from retailers that sound terrific but could be expensive, and new opportunities for parents of young adults to teach responsible management of credit cards.

Questions to Ask Before Using an Agent or Broker to Place a Bank Deposit: To help consumers make informed decisions before entrusting an agent or broker to deposit money in certificates of deposit (CDs) or other bank accounts, the FDIC recommends getting answers to some important questions.

For example, consumers should ask for the name of the bank where the deposit would be placed. One reason is to be sure the institution is FDIC-insured. Another is to find out if the agent or broker plans to put money into a bank where the consumer already has deposits because the combined total may push the consumer over the federal insurance limit. Consumers also are advised to ask questions about the interest rate being promised because some unusually attractive offers may be schemes by non-bank companies to get consumers in the door and later steer them to non-FDIC insured investments that may be poor choices for them.

Understanding the Risks and Costs of a Reverse Mortgage: A reverse mortgage is essentially a loan against a home that the borrowers (homeowners who are age 62 or older) do not have to pay back for as long as they live there. While there are potential benefits to a reverse mortgage, it is a complicated loan that may not be the best option for everyone. Because many homeowners do not fully understand the potential risks, costs and fees, **FDIC Consumer News** encourages consumers to shop around and consider their options, with the help of a qualified counselor, if possible.

The goal of **FDIC Consumer News** is to deliver timely, reliable and innovative tips and information about financial matters, free of charge. The Spring 2010 edition can be read or printed at www.fdic.gov/consumers/consumer/news/cnspr10. To order up to two free paper copies, use the online form on that same Web page or call the Federal Citizen Information Center toll-free at 1-888-8-PUEBLO (1-888-878-3256) weekdays from 8:00 a.m. to 8:00 p.m. Eastern Time and ask for Department 12.

To find current and past issues, including special editions, visit www.fdic.gov/consumernews or request paper copies by contacting the FDIC's Public Information Center toll-free at 1-877-275-3342, by e-mail to publicinfo@fdic.gov, or by writing to the FDIC Public Information Center, 3501 North Fairfax Drive, Room E-1002, Arlington, VA 22226.

There are two ways to subscribe to the quarterly **FDIC Consumer News**. To receive an e-mail about each new issue with links to stories, go to www.fdic.gov/about/subscriptions/index.html. To receive the newsletter in the mail, free of charge, contact the Public Information Center as listed above.

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