



# Consumer News

Summer 2014



## Are Your Finances Ready for a Stressful Life Event?

- **Preparing Your Finances in Case You Can't Manage Them**
- **Deciding Where to Keep Your Most Valuable Records and Resources**
- **Managing a Loved One's Money Matters After a Serious Situation**
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## Expecting the Unexpected: Preparing Financially for a Disability or Death

No one wants to think about it, but everyone needs to plan for the possibility that they may suddenly become disabled or die. Taking a few steps now can make it much easier for your loved ones to manage your financial affairs when you can't. Here are a few tips to get started.

**Build a rainy day fund.** “Savings can help you and your family get through difficult times, especially if there’s a major health issue or other life event that may result in you earning less income,” said Mark Pearce, Director of the FDIC’s Division of Depositor and Consumer Protection.

Financial experts generally recommend that you set aside at least three to six months of living expenses to get through a difficult period without having to take out a loan or borrow from retirement savings. “Having even a small amount of money automatically transferred on a regular basis into a federally insured savings account is a great way to gradually build a cushion to help manage unforeseen situations,” Pearce added. For more tips to get started, visit [www.fdic.gov/deposit/deposits/savings.html](http://www.fdic.gov/deposit/deposits/savings.html).

**Keep a list of your financial accounts and personal documents in one secure place.** Ensuring that a loved one responsible for your affairs can easily find a list of your deposit accounts, investments, loans and other assets or obligations will save them time and avoid risks of unnecessary expenses (such as fees associated with certain old, “dormant” accounts). Other paper records that your heirs may need to know where to find include wills, home titles, car titles, bonds and certificates of deposit. But this list can also be valuable to a criminal, so keep it in a secure place that only you and selected others have access to. For more about what financial documents to store where, see the next page.

**Consider the pros and cons of consolidating accounts.** Think about how many savings, checking, investment and credit card accounts you have. Then ask yourself if combining multiple accounts could

make it easier for your loved ones to identify, monitor and manage those accounts on your behalf. If you plan to consolidate your deposits at one institution, though, make sure the combined funds are within the FDIC’s deposit insurance coverage limits. Remember that you can have more than \$250,000 in one bank and still be fully insured provided that the money is in different ownership categories — single accounts, joint accounts, retirement accounts and so on. If you need help, visit [www.fdic.gov/deposit/deposits](http://www.fdic.gov/deposit/deposits) or call 1-877-ASK-FDIC (1-877-275-3342).

**Consult with an attorney about legal documents to create or update.** One example may be an advance directive that will specify your wishes for medical care if you are terminally ill. Others may include a will and/or a trust to guide the distribution of your property after your death, and a “power of attorney” authorizing someone else to handle transactions and make decisions on your behalf if you become mentally or physically incapacitated.

**Carefully evaluate who you hire to help you.** You may want to talk to a financial advisor for help, such as in deciding whether to consolidate accounts or sell investments. Before choosing an advisor, understand what training he or she has had and any record of complaints. For tips on choosing an investment advisor, including what professional designations (the letters after an advisor’s name) mean, start at [www.finra.org/Investors](http://www.finra.org/Investors) on the Web site of the Financial Industry Regulatory Authority, an independent, not-for-profit organization authorized by Congress to help protect investors.

**Determine if you have adequate insurance.** Consider discussing with an insurance agent or a financial planner whether you have adequate life and disability insurance, and evaluate the pros and cons of long-term care insurance. Your needs will depend on factors such as whether you have dependents and any property that you



would like to pass to an heir but is serving as collateral for a debt. Note: In general, your debts will be paid from your estate and will decrease the money that your heirs could inherit. But exceptions exist. For example, the responsibility to repay any debts that another person co-signed with you shifts to that person after you die.

**Take steps to make it easier for your heirs to access your valuables.** Start by confirming that the beneficiaries or co-owners you want on accounts are named in the records. For example, having joint accounts with your spouse or another loved one can make it easier for him or her to access the account if you become disabled or die, but you are giving this person equal rights to the money in that account. You can also set up payable-on-death (POD) accounts at a bank that would ensure that the people you name would have access to the money after you (or any other co-owners) die.

And if you have a safe deposit box, talk to a bank employee or an attorney about how a loved one or another person you designate could access the box. Procedures vary considerably by state. For example, after a death, some state laws may permit a decedent’s safe deposit box to be accessed immediately by a co-owner, but other states may generally not permit anyone to remove any items other than a will and burial instructions for several weeks.

To learn more about preparing your finances for a serious life event, start at [www.mymoney.gov](http://www.mymoney.gov). For more about how to protect your heirs with FDIC-insured accounts, see [www.fdic.gov/consumers/consumer/news/cnfall10/estateplanning.html](http://www.fdic.gov/consumers/consumer/news/cnfall10/estateplanning.html). 📌



## Picking Up the Pieces: Managing a Loved One's Finances After a Serious Life Event

Would you know what to do if you became responsible for handling the financial affairs of a loved one who has serious health issues? What if you were responsible for managing the money of someone who died? *FDIC Consumer News* provides some basic strategies.

### Helping an Elderly or Ill Person

**Get a handle on the most important financial records.** Look into getting a “power of attorney,” which is the legal authorization for you to manage matters like finances and health care decisions if your loved one becomes mentally or physically incapacitated. Ask about a will and a living will, in which a person specifies what treatment he or she wants or doesn't want in case they can't decide for themselves. Know where to locate his or her birth certificate, insurance

policies, bank account statements and other important documents. Find out how to access online accounts and passwords, if necessary. Ultimately, you will need to identify all of the accounts and obligations, including debts.

### Find ways to simplify their finances.

“If you will be handling someone else's bills, consider arranging for automatic or electronic payments, but also remember to keep good records,” said Bobbie Gray, an FDIC Supervisory Community Affairs Specialist. “Also have regular income from pensions and other sources deposited directly, which will save you time and avoid the risk that checks could be lost or stolen.”

Consolidating deposit accounts at one financial institution can make it easier to monitor the accounts and

avoid low-balance fees, but be sure the accounts stay within the FDIC's insurance limits (start at [www.fdic.gov/deposit](http://www.fdic.gov/deposit)). If there are accounts that have not been used in a while but should be kept open, find out how to avoid paperwork and fees associated with “dormant” accounts.

“And if your loved one's situation has resulted in a loss of income, consider how to eliminate unnecessary expenses,” said Luke W. Reynolds, Chief of the FDIC's Outreach and Program Development Section.

**Verify that there is adequate insurance coverage.** Confirm, for example, that there is homeowner or renter insurance. And, consider checking to see whether the person is

*continued on the next page*

## What to Keep Where: From Bank Services to Document Storage Online

Certain financial papers and valuables are essential to keep secure and accessible. What should go where?

**A safe deposit box may be the best place for important things that will be costly, difficult or impossible to replace and that you won't need to access immediately.** Examples include property deeds, car titles and U.S. Savings Bonds that haven't been converted into electronic securities. In case there's a flood or other water damage, seal important documents in waterproof plastic bags or containers.

Anything that might be needed in an emergency — such as your original “power of attorney” (your written authorization for another person to take certain actions on your behalf) — should probably not be in your safe deposit box in case your bank is closed for the night, the weekend or a holiday. Depending on state law, it might take even longer to access your safe deposit box if you die.

For guidance on where to store your original will and other documents needed if you die or become disabled, check with an attorney. And for cash, a federally insured deposit account is the safest place. Money in a bank account

is protected up to the FDIC's deposit insurance limits, unlike cash in a safe deposit box, a home safe or elsewhere. You can earn interest, too.


**A home safe is less secure than a safe deposit box.** A home safe is much easier for a burglar to get into, either by removing the safe or by forcing you or a family member to open it.

**A waterproof emergency evacuation bag is the best place for essential items if you need to quickly leave your home because of a flood, fire or other crisis.** Contents would likely include copies of identification cards, your birth certificate, and the front and back of your key credit and debit cards.

**The Internet gives you options to keep copies of certain valuable items that you want to access from anywhere.** Examples include some of the same documents in your emergency bag (in case you are away from home when a disaster strikes) as well as pictures or videos of your home's contents for insurance purposes. An online “cloud” storage service from a reputable provider is one possibility. Another strategy is to e-mail yourself copies. “But remember to choose passwords that will be difficult for

someone to guess, and only access your account through a secure Internet connection and not over a public Wi-Fi network,” recommended Luke W. Reynolds, Chief of the FDIC's Outreach and Program Development Section.

In general, decide who you want to be able to access your personal and financial documents in an emergency. A trusted family member who would be responsible for your affairs if you suddenly become disabled or die should know where you may have a safe deposit box or a safe and where to find important documents.

For more information on preparing financially for life events, including who to turn to for guidance on how to make it easier for a loved one to access your safe deposit box after you die, see our article on Page 2. To learn more about using safe deposit boxes and home safes, see our article in the Fall 2009 *FDIC Consumer News* (online at [www.fdic.gov/consumers/consumer/news/cnfall09/five\\_things.html](http://www.fdic.gov/consumers/consumer/news/cnfall09/five_things.html)). And, for a variety of related tips from the federal government, see the “Managing Household Records” site at [www.usa.gov/Topics/Money/Personal-Finance/Managing-Household-Records.shtml](http://www.usa.gov/Topics/Money/Personal-Finance/Managing-Household-Records.shtml). 

eligible for government-coordinated insurance, such as Social Security disability insurance and Medicare or Medicaid.

**Avoid financial crimes.** Help loved ones monitor their bank, investment and credit card statements plus their credit reports (visit [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com) or call 1-877-322-8228) to look for suspicious transactions. Be wary of phone calls or mail promoting get-rich-quick investments and other schemes. For tips, see our next article.

**Learn more about your duties as a financial caregiver and where you can go for help.** Check out guides from the Consumer Financial Protection Bureau (CFPB) called “Managing Someone Else’s Money” ([www.consumerfinance.gov/blog/managing-someone-elses-money](http://www.consumerfinance.gov/blog/managing-someone-elses-money)) and the U.S. government’s official Web site for caregivers at [www.usa.gov/Citizen/Topics/Health/caregivers.shtml](http://www.usa.gov/Citizen/Topics/Health/caregivers.shtml). Also, the U.S. Administration on Aging helps caregivers connect with organizations that can assist with a variety of problems (call 1-800-677-1116 or go to [www.eldercare.gov](http://www.eldercare.gov)).

### **Managing the Affairs of a Deceased Person**

**Take precautions against identity thieves who target the deceased.** Criminals look in obituaries and other sources for details about deceased individuals they can use to try to open or access accounts. Among the first steps to take soon after a loved one dies is to notify his or her banks and investment firms so they can scrutinize attempts to withdraw funds from the account. Also consider reporting the death to the fraud departments of the nation’s three major credit bureaus (Equifax at 1-800-525-6285, Experian at 1-888-397-3742 and TransUnion at 1-800-680-7289).

Also quickly contact the Social Security Administration ([www.ssa.gov/agency/contact](http://www.ssa.gov/agency/contact) or 1-800-772-1213), pension providers and others who may be paying money to the deceased. It’s also good to safeguard the deceased’s driver’s license and Social Security card.

**Locate important documents needed to wind down the deceased person’s financial affairs.** Examples include

insurance policies, the most recent will (an original, not a copy) and multiple copies of the death certificate (needed to apply for death benefits from life insurance policies or Social Security and to access bank and brokerage accounts).

**Inventory the deceased’s financial accounts.** Stop automatic payments from the person’s bank account or credit cards. Inform the credit card issuers about the death so they can cancel the cards and prohibit future transactions.

**Compare several funeral homes before committing to one.** Prices and options can vary considerably.

**Check if all deposits are federally insured.** Depending on the types of accounts the deceased had, the death could result in some funds exceeding the \$250,000 federal insurance limits. However, the FDIC’s rules allow a six-month grace period after a depositor’s death to give survivors or estate planners a chance to restructure accounts. For more

guidance, go to [www.fdic.gov/deposit](http://www.fdic.gov/deposit) or call 1-877-ASK-FDIC which is 1-877-275-3342.

**Know your rights if a debt collector contacts you to pay debts of the deceased.** “Any debts typically are paid from the estate of the deceased, not by family members,” advised Gray. If there isn’t enough money in the estate to cover the debt, it usually goes unpaid, but there are exceptions, such as for co-signed loans. If you have questions, talk to a lawyer. And, if you are contacted by a bill collector seeking to collect on a questionable debt, request proof of the debt and include a copy of the death certificate. Learn more from the Federal Trade Commission at [www.consumer.ftc.gov/articles/0081-debts-and-deceased-relatives](http://www.consumer.ftc.gov/articles/0081-debts-and-deceased-relatives). For sample letters to use when dealing with debt collectors or to file a complaint to the CFPB, start at <http://www.consumerfinance.gov/newsroom/consumers-report-being-hounded-about-debts-not-owed>. 🏠

## **When People Face Tough Times, Crooks Try to Profit**

Facing a personal hardship can be tough enough. But often making matters worse are con artists who try to take advantage of these situations to steal money or valuable information. “We’ve seen everything from criminals pretending to be from disaster-relief organizations asking for ‘donations,’ to scammers offering fake jobs to individuals who are looking for employment,” said Michael Benardo, manager of the FDIC’s Cyber Fraud and Financial Crimes Section. “The fraudsters know that people dealing with serious events may be distracted and easily deceived.”

Here are some precautions.

**Protect personal and financial information.** Don’t provide bank or credit card numbers or other personal information over the phone, through e-mail, as a text message, or over the Internet unless you initiate the communication and you know the other party is reputable. Review financial statements so you can quickly report any irregularities. And always keep your checkbook, blank checks, used checks,

account statements, credit cards and other financial items in a secure location.

**Look out for the people you care for.** Since many scams target the ill or the elderly, pay attention to suspicious behavior, such as a sudden and unexpected major purchase, the opening or closing of a bank or card account without a good reason, or hiding financial statements to conceal what may appear to be an embarrassing mistake. Also take note if your loved one mysteriously starts to spend significantly more time with new “best friends” and less time with the family. “Scammers and con artists tend to target the same people over and over with offers for things the person may not really need,” said Kathryn Weatherby, an Examination Specialist for the FDIC.

**Only give to charities that you are familiar with or have researched.** Check them out with the state government office that regulates charities, which you can find at the Web site of the National Association of State

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# The FDIC Enhances Deposit Insurance Information Online

Each year, millions of consumers come to the FDIC's Web site to learn about their deposit insurance. That's why *FDIC Consumer News* is pleased to introduce you to our new, improved Web site at [www.fdic.gov/deposit](http://www.fdic.gov/deposit).

What's so special about the current site? It brings all of the FDIC's deposit insurance material together in one easily accessible place. And, it offers new resources that will help you more easily understand your insurance coverage, especially how you can have more than \$250,000 deposited at one FDIC-insured institution and still be fully protected, which is the case if the deposits are in different ownership categories that are separately insured up to at least \$250,000.

As FDIC Chairman Martin J. Gruenberg said in announcing the updated Web site, "In over 80 years of operation, the FDIC has never failed to live up to our promise of protecting every penny of insured deposits. Continuing to improve public understanding about how deposit insurance works is fundamental to carrying out this important mission."

At our new site, you'll find these resources.

**Deposit insurance videos:** Two new, easy-to-understand videos have been developed by the FDIC. One, entitled "Deposit Insurance Coverage Overview," provides an easy-to-understand overview of deposit insurance coverage and the concept of ownership categories. The second video, called "Deposit Insurance Coverage Personal Accounts," offers a more detailed explanation of accounts in the separate ownership categories for single, joint, and certain retirement accounts. "Both of these videos are very informative, and each video runs for less than four minutes. Both are also available on the Web site in Spanish," said Martin Becker, Chief of the FDIC's Deposit Insurance Section.

**New online tools to help you better understand deposit insurance coverage:** There are two new resources. The first, entitled "How Are

My Deposit Accounts Insured by the FDIC?," provides a quick summary of the eight primary ownership categories and the requirements for coverage. The second, "Revocable and Irrevocable Trust Accounts," outlines the requirements for each of these ownership categories.

You can also link to the FDIC's popular Electronic Deposit Insurance Estimator (EDIE), an interactive calculator you can use to determine whether your deposits are fully insured. "EDIE allows depositors and bankers to determine whether accounts at a particular bank are fully insured or not. It is utilized thousands of times each month because it is easy to use and accurate," said Calvin Troup, a Senior Consumer Affairs Specialist.

Updated versions of the FDIC's two primary deposit insurance brochures can be ordered or printed from that site for free. "Your Insured Deposits," the FDIC's comprehensive reference guide to deposit insurance coverage for the most common account ownership categories, has a fresh new look but the same content as the previous (2013) version. If you have copies of "Your Insured Deposits" that are older than 2013, you should consider requesting a copy of the new 2014 edition. And, the FDIC has replaced the "Deposit Insurance Summary" — a basic overview of what is and is not covered by deposit insurance and the FDIC deposit insurance limits by account ownership category — with a more informative publication called "Deposit

Insurance at a Glance." The new publication covers the same topics, but it also includes a brief explanation of the roles the FDIC plays when a bank fails.

Both "Your Insured Deposits" and "Deposit Insurance at a Glance" are available in standard- and large-print editions, and in English and Spanish.

**Easy access to additional online resources:** Use our new "Find More Information" box to navigate to additional FDIC Deposit Insurance Web pages. Check out the "Tools & Resources" section to quickly link to EDIE, BankFind (a database of all active banks insured by the FDIC as well as banks that have closed or are no longer operating), and our online catalog (to order brochures and other educational materials). In a section marked "Understanding Deposit Insurance," you'll find a link to frequently asked questions about deposit insurance, plus other information. Look elsewhere to learn about what to expect in the unlikely event of a bank failure, including how the FDIC ensures prompt access to insured deposits.

We hope you'll check out what's new on our Web site for deposit insurance information and products, but we also want to remind you about one thing that hasn't changed: You can always call the FDIC at 1-877-ASK-FDIC — that is 1-877-275-3342 — to reach a deposit insurance specialist who will be happy to answer any questions. ■

## Here's One of the New Tools You'll Find on Our Web Site

### How Are My Deposit Accounts Insured by the FDIC?

Use this tool to learn the basics about FDIC-insured deposit accounts and deposit insurance coverage guidelines. For more detailed information about your specific situation, you can use the Electronic Deposit Insurance Estimator (EDIE).

#### Single Account

A deposit account owned by one person, without named beneficiaries

Coverage Limit:  
\$250,000 per owner



#### Certain Retirement Account

A retirement account in which plan participants have the right to direct how the money is invested

Coverage Limit:  
\$250,000 per owner



#### Joint Account

A deposit account owned by two or more people, without beneficiaries

Coverage Limit:  
\$250,000 per co-owner





# 5 Tips to Help Rebound From a Bad Credit History

For people grappling with a history of debt payment problems, improving their credit record may seem like a daunting task. *FDIC Consumer News* offers these tips, which can help increase the chances of qualifying for better loan terms, lower insurance rates and perhaps even a new job or apartment.

**1. Order your free credit reports and look for errors.** Credit reporting companies, often referred to as “credit bureaus,” maintain reports that show how an individual handles certain aspects of his or her finances. Your credit report includes information on how much credit you have available, how much credit you are using, whether you pay loans and other bills on time, your payment history on closed accounts, and any debt collections or bankruptcy filings. Credit bureaus and other companies use the information in your credit report to generate a credit score to predict, for example, how likely you are to repay your debts or how reliable you may be as a tenant.

Federal law requires credit reporting companies to provide consumers with a free copy of their credit report once every 12 months, if requested. You can easily obtain your free credit reports from each of the three major credit bureaus (Equifax, Experian and TransUnion) at one Web site — [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com) — or by calling 1-877-322-8228. Under other circumstances, such as being denied a loan or employment based on your credit report or if you believe you may be a fraud victim, you are also entitled to a free copy directly from the credit bureau that provided the initial report. Be cautious of costly subscriptions to additional credit-related services that you may be offered while requesting your credit report.

Because mistakes can happen, closely review your credit report(s) when you receive it. According to a 2012 study from the Federal Trade Commission, more than 25 percent of consumers surveyed identified errors on their credit reports that might affect their credit scores. “It is important to dispute

inaccurate information, in writing, with both the credit reporting company as well as with the original source of the information so that the error does not show up again,” said Jennifer Dice, an FDIC Supervisory Consumer Affairs Specialist.

If you have a complaint about a credit reporting company, you can contact the Consumer Financial Protection Bureau (CFPB) at <https://help.consumerfinance.gov/app/creditreporting/ask> or by calling 1-855-411-2372.

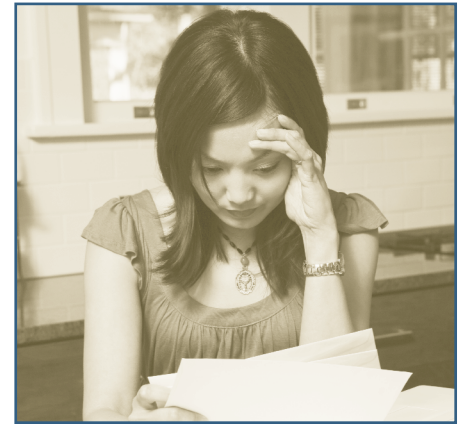
**2. Improve your credit history by paying your bills on time.** Paying on time is one of the biggest contributors to your credit score. If you have a history of paying bills late, find out if your bank will send you an e-mail or text message reminding you when a payment is due. You may also consider having your payments for loans or other bills automatically debited from your bank account.

Once you become current on payments, stay current. “The more you pay your bills on time after being late, the more your credit score should increase,” Dice added. “The impact of past credit problems on your credit score fades as time passes and as your current timeliness in paying bills is reflected on your credit report.”

**3. Reduce the amounts you owe.** You can get on track toward a better score by paying down balances owed.

It takes some discipline, so start by getting organized. Make a list of all of your accounts and debts (perhaps using your credit report, if it’s accurate, and recent statements) to determine how much you owe and the interest rate you are being charged. You may be able to reduce your interest costs by paying off the debts with the highest interest rate first, while still making the minimum payments (if not more) on your other accounts.

Also consider how to limit your use of credit cards in favor of cash, checks or a debit card. “While regular, responsible use of your credit card may help your



credit score, it is best to keep your balance low enough so that you can pay the account balance in full, on time, every month,” suggested Heather St. Germain, an FDIC Senior Consumer Affairs Specialist.

**4. Consider free or low-cost help from reputable sources.** Counseling services are available to help consumers budget money, pay bills and develop a plan to improve their credit report. Be cautious of counseling services that advise you to stop making payments to your creditors or to pay the counselors instead (so they can negotiate on your behalf with the lender). These programs can be costly and may result in your credit score becoming even worse.

**5. Beware of credit repair scams.** Con artists lure innocent victims in with false promises to “erase” a bad credit history in a short amount of time, but there are no quick ways to remove credit problems on your record that are legitimate. “You’ll also know you’ve encountered credit repair fraud if the company insists you pay upfront before it does any work on your behalf or it encourages you to give false information on your credit applications,” said St. Germain. In general, before doing business with a for-profit credit repair company, learn how you can improve your own credit history at little or no cost.

For more information from the FDIC, the CFPB, the Federal Trade Commission and other government agencies on topics such as credit reports, credit scores, fixing a credit problem and how to choose a credit counselor, go to [www.mymoney.gov](http://www.mymoney.gov) and search by topic. 📖

## What's This Computer Chip Doing in My Credit Card?

You may have recently received a new credit or debit card from your financial institution and noticed that it contains a computer chip. If you don't have a chip card yet, though, you can expect to receive one by late 2015. What does the transition to chip cards mean for you?

**A microchip makes it less likely your payment card will be used for a fraudulent transaction in person, such as at a store.** "Compared to the magnetic stripe cards that we are accustomed to, it is much more difficult for criminals to create fraudulent cards that contain microchips," said Jeff Kopchik, a Senior Policy Analyst at the FDIC. "Many European countries have been using chip cards for several years, and fraud rates for in-store transactions in those nations have declined significantly."

Why is the chip card more effective in preventing the use of fake cards? "The chip will change the encrypted numbers for every transaction to ensure the authenticity of the card each time it is used," added David M. Nelson, an FDIC Examination Specialist. "Hackers trying to get chip card authentication numbers are chasing a moving target that will be useless to them."

**You still need to be on guard against fraudulent purchases made with your card online, over the telephone or by mail.** Unlike with in-store transactions, there is no card-reading device receiving the secret, one-time authentication code from the microchip that verifies the card's authenticity. Kopchik said this largely explains why there was a significant increase in online card fraud in Europe immediately after chip cards were introduced.

What can you do to protect yourself? As with any credit or debit card, monitor your account on a regular basis and report unauthorized transactions to your financial institution as soon as possible. If your chip card is used in a fraudulent transaction, your liability will be limited by federal rules. Also under the rules, your card is considered stolen if a hacker steals your account information electronically.

**You may need to begin using a PIN for credit card transactions.** While chip cards are most effective against counterfeiting, they provide less protection if your chip card is stolen and used by a thief in person at a store or other business. To provide further protection in these circumstances, many chip cards will require the user to enter a personal identification number to authorize a transaction. This is similar to what debit card users have done for years.

**Expect to find a different type of card payment terminal at stores.** You may already have noticed these new terminals at a few large stores. With some of them, the chip card is inserted into the terminal, similar to an ATM. "Just make sure you don't get distracted, leave your card in the reader and walk out of the store without it, which people have been known to do," warned Nelson.

For other payment terminals — those that accept what are called "proximity cards" — all you have to do to pay is to place your card in front of the reader or gently tap the card against the reader.

**Initially, your chip cards will probably also have the conventional magnetic stripe on the back.** This will allow you to use the card at merchants that have not yet upgraded to the new payment terminals. "Your new chip card may take some getting used to, but the added security is well worth the effort," added Kopchik.

**The microchip simply contains the same personal information that is printed on the outside of the card.** Nelson noted that the chip in the card contains no personal information about the cardholder other than his or her name and account number, which also is the same as what is stored on the magnetic stripe.

**If you are planning to visit Europe, you may want to request a chip card from your financial institution.** That's because many European merchants no longer accept magnetic stripe cards. 🏠

## FDIC Consumer News

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**Find current and past issues at** [www.fdic.gov/consumernews](http://www.fdic.gov/consumernews) or request paper copies by contacting the FDIC Public Information Center. Call toll-free 1-877-ASK-FDIC (1-877-275-3342) or e-mail [publicinfo@fdic.gov](mailto:publicinfo@fdic.gov).

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### For More Help or Information

Go to [www.fdic.gov](http://www.fdic.gov) or call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342)

## **Crooks Try to Profit**

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Charity Officials at [www.nasconet.org/documents/u-s-charity-offices](http://www.nasconet.org/documents/u-s-charity-offices).

**Use caution when making online donations.** Go directly to a charity's Web site by independently confirming the address. Don't click on a link in an e-mail or on a random Web site because that may lead to a fake site.

### **Walk away from any offer or request that involves pressure to act quickly.**

Be suspicious if you are asked for money or personal information on the spot. Be particularly wary if someone says you previously agreed to send money and you don't remember doing so.

### **If you're a disaster victim, be careful about accepting unsolicited offers to make repairs.**

Ask people you trust for recommendations of licensed and insured contractors. Check out local businesses, including complaints against them. Start by contacting your state Attorney General's office ([www.naag.org/current-attorneys-general.php](http://www.naag.org/current-attorneys-general.php)) or your state or local consumer affairs office ([www.consumeraction.gov/state.shtml](http://www.consumeraction.gov/state.shtml)). Ask for prices and other important information in writing before you agree to anything and understand any document you are asked to sign.

**Be aware that con artists sometimes pose as debt collectors.** Following a disaster, crooks know that people fall behind on bills so they attempt to collect on non-existent debts, often by posing as belligerent debt collectors or officials from the government or a law enforcement agency. To learn more, see our Spring 2013 article at [www.fdic.gov/consumers/consumer/news/cnspr13/debtcollector.html](http://www.fdic.gov/consumers/consumer/news/cnspr13/debtcollector.html).

For more about how to protect yourself, see back issues of *FDIC Consumer News* (online at [www.fdic.gov/consumernews](http://www.fdic.gov/consumernews)) and the Federal Trade Commission's "Scam Alerts" Web page at [www.consumer.ftc.gov/scam-alerts](http://www.consumer.ftc.gov/scam-alerts). And if you think you may be a fraud victim, you can report the matter online at [www.lookstoogoodtobetrue.com/complaint.aspx](http://www.lookstoogoodtobetrue.com/complaint.aspx), a Web site co-sponsored by the FBI and the U.S. Postal Inspection Service, or by calling the FTC at 1-877-382-4357. ♣

### *News Briefs*

**Improvements to Our Newsletter's Web Site:** Check out the new look and other enhancements to our *FDIC Consumer News* site, including a "Quick Links" page featuring selected articles by topic and for different ages and stages. Start at [www.fdic.gov/consumernews](http://www.fdic.gov/consumernews).

**Updated FDIC Financial Education Site for Young People:** The FDIC's "Learning Bank," which teaches young people about money management and advises parents and educators on how they can help, has been renovated. It includes new resources such as a quiz on spotting scams. Go to <http://fdic.gov/about/learn/learning>.

**Help for Parents and Youth Caregivers Teaching About Money:** You do not need to be a financial expert to teach good financial habits. Find resources on a new "Parents and Caregivers" Web page created as part of a joint effort between the Consumer Financial Protection Bureau and the FDIC. Visit [www.consumerfinance.gov/parents](http://www.consumerfinance.gov/parents).

**SEC Investor Bulletin on Variable Annuities:** As previously reported, annuities, which are commonly marketed to older consumers, have potential pros, cons and costs. The Securities and Exchange Commission has issued a new bulletin with basic facts about variable annuities. Find it at <http://investor.gov/news-alerts/investor-bulletins/investor-bulletin-variable-annuities-introduction>.