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## Message from the FDIC



Employees at the FDIC take great pride in knowing that the work we do each day goes beyond providing deposit insurance in case an insured bank or savings institution were to fail. In particular, the FDIC is pleased to serve and support individuals and families through financial education programs in a wide variety of areas, as indicated by the range of topics covered in this issue of our quarterly *Money Smart News*.

Here you can learn how the FDIC is encouraging financial institutions to offer new types of affordable small-dollar loan products to consumers, perhaps along with a savings feature and financial education. Among the groups the FDIC especially wants to help are those serving in the military and their families that may now be using high-cost financial service providers instead of mainstream banking institutions.

You'll read how the FDIC and our *Money Smart* financial education program can help educators teach personal finance to people with visual impairments. We're also doing our part to help people with disabilities understand how they can get free tax assistance and why it's important for them to be putting money into savings accounts. Also read about the latest *FDIC Consumer News*, which highlights some expensive errors bank customers make and how to avoid them.

The bottom line is that financial education can help people obtain the knowledge and the confidence they need to save and borrow money to buy a home, start a business, fund an education or otherwise support their families. If you want to learn more or be a part of what the FDIC is doing to promote financial education, please [contact your regional Community Affairs Officer](#).

*Sandra L. Thompson*

**Director**

**FDIC Division of Supervision and Consumer Protection**

## **New FDIC Emphasis on Small Loans and Financial Education**

On December 4, 2006, the FDIC issued draft guidelines to encourage FDIC-supervised banks to offer affordable small-dollar loan products, incorporate a savings component into the loan, and consider financial education for frequent borrowers (as a tool to create better-informed bank customers and improve long-term customer relationships). The FDIC will accept comments on the draft guidelines through February 2, 2007. In a related development, on December 6, the FDIC sponsored a conference to help encourage banks to provide affordable, short-term, small-dollar loans to military personnel and their families as alternatives to products being offered by high-cost providers. ([Read more about the draft guidelines and the request for comment.](#))

## **FDIC Tips for Teaching People with Visual Impairments**

In our Fall 2006 issue we reported that the FDIC was launching the *Money Smart* financial education curriculum in Braille and large-print editions. Here, in the latest installment of our *Money Smart* Success Stories, we feature a collection of some "best practices" compiled by FDIC staff that *Money Smart* educators can use to effectively teach financial concepts to the visually impaired. ([Read more.](#))

## **Talking Taxes and Financial Education**

The FDIC has joined with the Internal Revenue Service and other public and private organizations to help the National Disability Institute (NDI) expand its campaign to help people with disabilities obtain free income-tax assistance and gain a greater awareness of the importance of checking and savings accounts. At a kick-off event in October in Washington, DC, the NDI also unveiled research indicating that fewer than half of the low-income people with disabilities that it surveyed had a checking or savings account. FDIC Community Affairs Officer Glenn Brewer spoke at the event and noted the importance of financial education in helping low-income people with disabilities reach their financial goals. ([Read more.](#))

Financial educators also should be aware of a new opportunity for taxpayers to save a portion of their tax refunds. Starting January 1, 2007, the IRS will give taxpayers the flexibility to split portions of their direct-deposited tax refunds in up to three different accounts and three different U.S. financial institutions instead of just one checking or savings account. ([Read more.](#))

The FDIC also is reminding financial educators and financial institutions about opportunities associated with the IRS-coordinated Volunteer Income Tax Assistance (VITA) program, which offers free tax return preparation for low- and moderate-income individuals. The FDIC also continues to encourage financial institutions to consider developing relationships with VITA sites as ways to promote financial education and banking products to taxpayers. ([Read more.](#))

## **Latest FDIC Consumer News Features Common Mistakes that Cost Bank Customers Money**

The Fall 2006 issue of *FDIC Consumer News* features some of the more common and costly mistakes consumers make when using their checking account, credit card or other banking services, along with guidance on how to avoid these errors. Also in this issue, the FDIC highlights some of the latest frauds targeting bank customers, provides money tips for shoppers, and includes updated information about the higher FDIC coverage for certain retirement accounts that took effect April 1, 2006. Financial educators are encouraged to use *FDIC Consumer News* as a resource. Current and back issues are online. Educators and their students also are encouraged to sign up for a free subscription. ([See the latest newsletter and subscription information.](#))

## Reminders

### Send Us Your Success Stories

The FDIC wants to hear how *Money Smart* is making a difference. We're interested in finding out about your programs and procedures, tips and other information that *Money Smart* educators and partners might find useful. The best contributions may appear in a future issue of *Money Smart News*. [See our previously published success stories](#). [Submit your stories](#) today!

### Keep Up With Money Smart News

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### For More Help or Information

If you need additional assistance, [contact your regional Community Affairs Officer](#); or if you would like additional information on the *Money Smart* program, visit our [overview](#).

### Past Issues

See other issues of the quarterly [Money Smart News](#) dating back to 2003.