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Message from the FDIC



As we enter the fall months and the approaching holiday shopping season, we will be surrounded by advertisements that encourage spending. While financial education is important year-round, now is a particularly ideal time for educators to inform consumers about the benefits of comparison shopping, the hazards of impulse buying, the importance of budgeting, and the need to understand the true costs of borrowing, especially with credit cards. This edition of *Money Smart News* includes timely updates on developments that can help reinforce those messages.

Inside we report on a new FDIC tool kit with information that can help struggling homeowners at risk of losing their homes pursue legitimate alternatives, such as a mortgage modification, and avoid scam artists and others who prey on people having financial difficulties. These new resources can help homeowners as well their friends, family members and others.

We also discuss new consumer protections for credit cards and mortgages, including improved and more timely disclosures of terms and costs. For example, starting February 22, 2010, credit card issuers must provide on their monthly statements a box showing how much the cardholder has paid in interest and in fees during the current year, plus warnings about the high costs of only making the minimum card payment. Included among the new rules for mortgages are requirements already in effect that consumers must have at least seven business days between when a lender delivers or mails the early disclosures and when the mortgage is consummated. You, as financial educators, have a critical role to play in helping consumers know about these legal protections -- and why they matter -- so that people will care enough to be proactive and make good use of their new rights.

This issue of *Money Smart News* also reminds educators about the critical need for people to save more money, even during difficult times. You can also read about a new consumer brochure and video to help explain FDIC insurance coverage, as well as discussions at an FDIC advisory committee meeting that was focused on creative programs that encourage low- and moderate-income households to save money.

Here you can also find an update on the FDIC's *Money Smart for Young Adults*, introduced last year and already having great success in teaching American youth about topics like... the benefits of sticking to a budget, saving money for future needs, and understanding the true costs of borrowing, especially with credit cards. Sounds familiar, right? Check out some of our *Money Smart* partners' Success Stories with the 12 to 21 age group.

For help or additional information related to these or other aspects of your financial education programs, contact your [FDIC Regional Community Affairs Officer](#).

Sandra L. Thompson

Director

FDIC Division of Supervision and Consumer Protection

FDIC Launches Foreclosure Prevention Initiative

The FDIC has produced a free tool kit of information that will help homeowners and the banking industry avoid unnecessary foreclosures and stop scams that promise false hope to consumers at risk of losing their homes. The tool kit includes a new FDIC brochure entitled "Is Foreclosure Knocking at Your Door?" that encourages consumers facing difficulties to contact their mortgage servicer and apply for a loan modification. Find the tool kit and other resources at <http://www.FDIC.gov/foreclosureprevention>.

New Consumer Protection Rules for Credit Cards

Financial educators may be interested in new consumer protections for credit cards, some of which have already been implemented under rules from the Federal Reserve Board. For example, as of August 20, 2009, creditors must give customers 45 days notice before increasing the Annual Percentage Rate (APR) on a credit card account (up from 15 days) and they must mail or deliver periodic statements at least 21 days before the payment is due (an increase from 14 days). For details about the provisions already in effect, [see the FDIC Financial Institution Letter to banks](#). For more information about the new credit card rules in general, including future requirements, read the Summer 2009 edition of *FDIC Consumer News* (see the next item). These rule changes also will be reflected in the next edition of the FDIC's *Money Smart* curriculum, scheduled to be available to the public in January.

Latest FDIC Consumer News Features Credit Cards, Mortgages, Bank Rewards Programs and Deposit Insurance Coverage

New federal consumer protections for credit cards and mortgages -- including prohibitions against abusive lending practices and requirements for clearer, more timely disclosures -- will help people avoid surprises. The Summer 2009 issue of *FDIC Consumer News* features key changes in the rules and what they mean for the public. Other topics include making the most of bank rewards programs (such as credit cards that enable users to gradually accumulate cash rebates or "points" good for free travel or merchandise), and a new FDIC brochure and video to help consumers understand their deposit insurance coverage. The FDIC encourages financial institutions, financial educators and others to distribute the information in *FDIC Consumer News* by reprinting, linking to the material, or making copies and affixing their name or logo. Subscriptions are free. See the latest newsletter and subscription information at <http://www.fdic.gov/consumers/consumer/news/cnsum09/index.html>.

FDIC Advisory Committee Explores Prize-Linked Savings and Other Outreach to Underserved Consumers

On July 30th, the FDIC Advisory Committee on Economic Inclusion examined how prize-linked savings, such as sweepstakes and rewards, can be used to improve underserved consumers' access to the financial mainstream. The meeting also featured a discussion of issues related to outreach to underserved and low- and moderate-income consumers. To view a Webcast of the meeting, read copies of the presentations and otherwise learn more, start at <http://www.fdic.gov/news/news/press/2009/pr09128.html>.

Money Smart for Young Adults: Success Stories and Strategies for the School Year

This is the second school year for *Money Smart for Young Adults (MSYA)*, the FDIC's financial education curriculum introduced in April 2008 for instructors to use to teach youths in the 12 to 21 age group. In this issue, *Money Smart News* is sharing some early success stories as well as some strategies that can help educators reach this crucial target audience. [\(Read the stories and tips.\)](#)

Grant Opportunity from HHS

The U.S. Department of Health and Human Services (HHS), an FDIC *Money Smart* partner, manages the Assets for Independence (AFI) program that provides grants to nonprofit and government agencies to fund financial education and help low-income families build assets through matched savings accounts called Individual Development Accounts. The next grant application deadline is January 15, 2010. The AFI Resource Center is scheduling "how to" conference calls for grant applicants and their partner financial institutions. To learn more, start at <http://www.acf.hhs.gov/programs/ocs/afi/> or call the AFI Resource Center at 1-866-778-6037.

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.