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Message from the FDIC



As a consumer, I appreciate the tips issued by government and private agencies on how to stay safe. Summer presents many opportunities to learn about managing money, from what teenagers should know about getting a summer job to how families can keep vacation costs down. That's why I am pleased that the Summer issue of our *Money Smart News* presents new ways the FDIC and our outside partners are working to educate people of all ages how to safely manage their money and plan for their future.

In this edition, read what FDIC Chairman Sheila C. Bair thinks about financial education and consumer protection efforts -- and avoiding another financial crisis. Chairman Bair explained her interest in expanding access to "safe" accounts, which she described as "federally insured, affordable, easy to understand and free of hidden or unfair fees."

In fact, the FDIC recently sought and received public comments on templates for safe, low-cost transaction accounts and basic savings accounts for low- and moderate-income consumers. Once finalized, the templates may be of interest to financial institutions as they design or review their own deposit products, particularly those that they offer to *Money Smart* workshop participants. You can also find out about the results of the FDIC's two-year pilot project that reviewed affordable and responsible small-dollar loan programs in financial institutions.

There are several new educational resources that bankers and other educators can use to promote safe and smart banking by consumers. One is a new online catalog for ordering free educational products from the FDIC. Another is an educational resource from NeighborWorks America® about avoiding loan modification scams. Read the latest issue of *FDIC Consumer News*, a quarterly newsletter for consumers, which features money-saving tips in the new world of credit cards. Also learn about an update to EDIE – the FDIC's interactive, online deposit insurance calculator – that can be customized by banks for use on their Web sites.

When summer draws to a close, that will mean it is back-to-school time. The "Success Stories" feature in this edition of *Money Smart News* looks at ways that financial education can reach students at colleges and universities. Several of these teaching strategies can be put to use by other educators, in various settings, for all age groups.

As always, if you have questions or suggestions regarding financial education or how to promote access to insured financial services, please contact the [FDIC](#).

Sandra L. Thompson

Director

FDIC Division of Supervision and Consumer Protection

FDIC Chairman Discusses Importance of Financial Education to the Economy

In a speech in Atlanta on April 7, FDIC Chairman Sheila Bair offered five ways that financial education can help us avoid another financial crisis. She noted that financial education empowers consumers to use mainstream financial services responsibly. She also said that all consumers should have access to "safe" accounts and services that are well-structured, easy to understand, and competitively priced. To read the speech, visit <http://www.fdic.gov/news/news/speeches/archives/2010/spapr0710.html>. Also see the related news item below on discussions of safe accounts by the FDIC Advisory Committee.

The FDIC Testifies Before Congress on Initiatives to Advance Financial Education

On July 15, FDIC Division Director Sandra Thompson testified before a Senate subcommittee on the role of the federal government in empowering Americans to make informed financial decisions. Her testimony discussed a number of initiatives by the FDIC to improve financial education and access. Read it at: <http://www.fdic.gov/news/news/speeches/archives/2010/spjul1510.html>.

Ways to Introduce College Students to Financial Education: Successful Answers to a Multiple-Choice Question

This edition of the *Money Smart News* Success Stories focuses on strategies for delivering financial education to students at colleges and universities. Don't forget to look at past Success Stories that highlight other successful strategies to reach people of all ages in various venues. ([Read the stories.](#))

Latest *FDIC Consumer News* Discusses Credit Cards, Depositing Funds Through an Agent or Broker, and Reverse Mortgages

As reported in [the Fall 2009 issue of *Money Smart News*](#), a new credit card law helps protect consumers from most instances of sudden increases in interest rates and other unfavorable changes in terms. But as noted in the Spring 2010 issue of *FDIC Consumer News*, there are still potential pitfalls for credit cardholders. The FDIC newsletter 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. 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/cnspr10/>.

New Version of FDIC Deposit Insurance Estimator Now Available

The FDIC's Electronic Deposit Insurance Estimator, better known as "EDIE," can be used to calculate the insurance coverage of all types of deposit accounts offered by an FDIC-insured bank. Consumers who have more than \$250,000 on deposit in the bank will find EDIE useful to calculate their FDIC insurance coverage. EDIE also assists bank employees who answer customer questions about deposit insurance coverage. An updated version of EDIE announced by the FDIC in April offers new functions requested by consumers and bankers, such as the ability to calculate deposit insurance coverage for irrevocable trust accounts, which are held in the name of trusts that cannot be changed or nullified. FDIC-insured institutions also can now integrate and customize the EDIE application for their own Web sites. To use EDIE and to learn more about deposit insurance coverage, visit www.fdic.gov/deposit/deposits.

New Way to Order FDIC Products Online

Our new online catalog enables financial educators, consumers and others to more easily order FDIC educational resources free of charge. These products cover such topics as what happens when a bank fails, how deposit insurance coverage works, and ways to avoid foreclosure rescue scams. For more details and to place an order, start at <https://vcart.velocitypayment.com/fdic/index.php>.

Small-Dollar Loan Pilot Project Shows Banks Can Offer Alternatives to High-Cost, Short-Term Credit

On June 24, 2010, a report was issued that highlights final results of the FDIC's pilot project to review affordable and responsible small-dollar loan programs in financial institutions. The study shows banks can offer alternatives to high-cost, short-term credit, and it resulted in the creation of a template of elements for safe, affordable and feasible small-dollar loans. Read the press release at <http://www.fdic.gov/news/news/press/2010/pr10140.html>, which provides links to the full text of the report and the template.

Advisory Committee Discusses Safe Accounts for Underserved Consumers

Also on June 24, 2010, at a meeting of the FDIC's Advisory Committee on Economic Inclusion, members discussed the design and promotion of safe, affordable bank accounts for underserved consumers. The committee reviewed trends in public comments received on criteria for templates that financial institutions could use to make these accounts more widely available to customers. See the agenda, copies of presentations and a video of the meeting by starting at <http://www.fdic.gov/about/comein/meetingJune2010.html>. Also, as background, read about the Committee's previous meeting on April 1, 2010, that highlighted best practices for safe deposit accounts: <http://www.fdic.gov/about/comein/meetingApril12010.html>.

Agencies Announce Public Hearings on Community Reinvestment Act Regulations

The federal bank and thrift regulatory agencies have announced a series of public hearings on modernizing the regulations that implement the Community Reinvestment Act (CRA). The public is encouraged to provide testimony and written comments on potential changes to the CRA regulations at four hearings to be held around the country between July 19 and August 17. For more details, see <http://www.ffiec.gov/cra/hearings.htm>.

New Campaign Offers Educational Materials to Fight Loan Modification Scams

To help combat loan modification scams that target homeowners facing foreclosure, Congress asked NeighborWorks America® to launch a national public education campaign. Financial educators can access a variety of the campaign's educational resources that can help homeowners avoid loan modification scams and find help from legitimate counselors. The FDIC is one of many partners working with NeighborWorks America on this effort. Learn more at www.loanscamalert.org.

GAO Reports on the Financial Literacy of People With Limited English

The U.S. Government Accountability Office (GAO), an investigative agency of Congress, published a report in May 2010 examining the relationship between fluency in English and financial literacy. Financial educators and others interviewed by the GAO said that a lack of proficiency in English can create significant barriers to performing tasks such as completing account applications, understanding contracts and resolving problems. The study was mandated by the Credit Card Accountability, Responsibility and Disclosure Act of 2009. Read the full report at <http://www.gao.gov/products/GAO-10-518>. Educators are reminded that the FDIC's *Money Smart* curriculum is available in seven languages -- Chinese, English, Spanish, Hmong, Korean, Russian, and Vietnamese.

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!

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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.