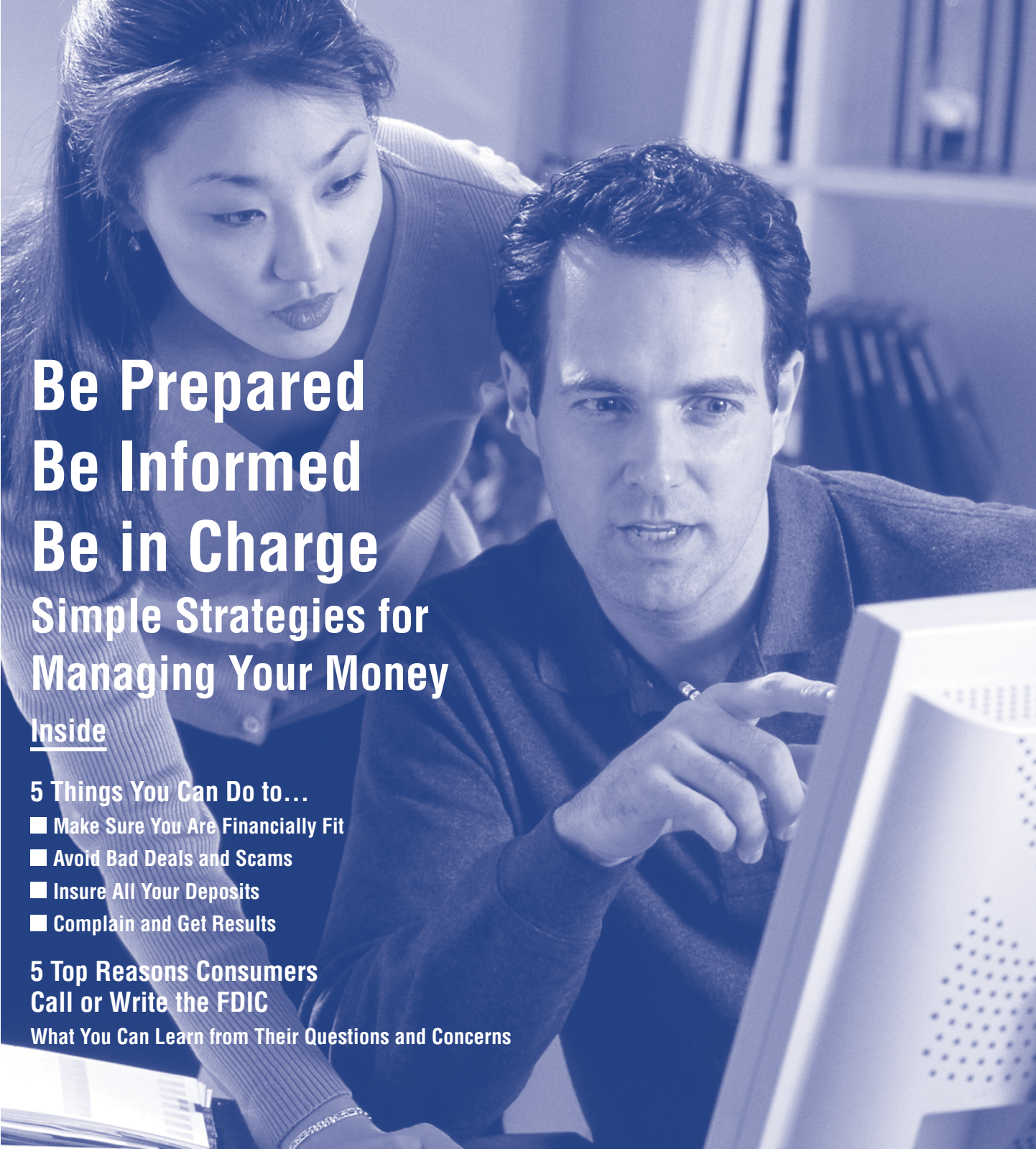


SPECIAL EDITION

# FDIC *Consumer News*



## Be Prepared Be Informed Be in Charge Simple Strategies for Managing Your Money

### Inside

#### 5 Things You Can Do to...

- Make Sure You Are Financially Fit
- Avoid Bad Deals and Scams
- Insure All Your Deposits
- Complain and Get Results

#### 5 Top Reasons Consumers Call or Write the FDIC

What You Can Learn from Their Questions and Concerns

## Getting Started

### 5 Things You Can Do to...

## Make Sure You Are Financially Fit

### A checklist for shaping up your personal balance sheet

You know it's important to get regular physical exams and take your car in for oil changes and tune-ups. But what are you doing to make sure your finances are in good shape, too? The start of a new year is a great time to give your finances a checkup, but it's never too early or too late to make sure you're properly managing your money. Here's a checklist for conducting a simple yet thorough financial self-examination.

**1. Periodically review your accounts.** "Talk to a customer service representative at your bank to make sure you're signed up for the accounts and the features that best fit your needs, especially if your financial situation has changed recently," said Janet Kincaid, FDIC Senior Consumer Affairs Officer. "For example, if you tend to carry a balance on your credit card, find out if you can qualify for a card with a lower interest rate. Or, ask if your bank offers special deals if you maintain certain balances or use additional services, such as direct deposit of your paycheck."

At the same time, compare your bank's products and services with those of competitors. "Don't be afraid to shop around," Kincaid said. "If nothing else, you'll want to know that the rates, fees and services at your current bank are at least comparable to what's out there in the marketplace for the services you need and, most importantly, that the services you are using still meet your needs."

**2. Make sure you have — and have read — the most recent "disclosures" about your accounts.**

These descriptions of your account are like a contract with your financial institution. Knowing the features, fees and options as well as limitations — before you open the account and later



as you conduct business — can prevent misunderstandings and costly mistakes. "We are continually encouraging consumers to read the disclosures," Kincaid stressed. "Make sure you know exactly what you are getting and paying for and what you are not."

For example, your credit card may automatically include, at no extra charge, extended warranties on purchases and insurance for car rentals. These kinds of features can save you money — but only if you know they exist. Similarly, your card may offer bonus points toward airline travel or products and services, auto club memberships, and other extras — some free of charge, some for a fee. You need to read the disclosures to understand the rules, restrictions and potential costs, which may greatly reduce the value of these offers.

**3. Get a free copy of your credit report.** These reports, prepared by companies called credit bureaus, summarize your history of paying debts and other bills. If you apply for a loan, insurance or a job, or you want to rent an apartment, chances are your credit report will be reviewed for information about your financial reliability. But *you* should be reviewing copies of your credit report, too. One reason is to correct errors or omissions, which could damage your credit rating and, in the case of a

## A Message to Readers

"Be prepared." That motto isn't just for Scouts and it isn't just for kids. It's solid advice for anyone, especially busy people, trying to manage their money in a world full of opportunities... and occasional hazards. *FDIC Consumer News* wants to help you be better prepared. In this special guide, we offer a collection of practical strategies you can use to deal successfully with some of the most important money matters facing consumers today, including how to:

- Make sure you are financially fit;
- Avoid bad deals and scams;
- Protect all your deposits with FDIC insurance; and
- Complain effectively and get results.

To keep things simple, we've limited our to-do lists to five suggestions, but if you need or want more guidance, we've also identified additional resources you can turn to for help.

Our goal is to give you the information and the confidence you need to manage your money and realize your dreams for a better future. So keep reading and learn how you can be prepared, be informed and be in charge!

loan or credit card application, cost you hundreds of dollars each year in interest or other charges. Also, by monitoring your credit reports you help guard against identity theft because you can look for signs that a fraudster has opened credit cards or other accounts in your name.

The three nationwide credit bureaus — Equifax, Experian and TransUnion — issue their own reports and they sometimes differ, so it's smart to see what each one is saying. By law, you are entitled to one free copy of your report each year from each of those three companies. For more information and to order free credit reports, go to the Web site established by the three credit bureaus at [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com) or call toll-free 1-877-322-8228. Although you can ask to receive copies from all three credit bureaus at the same time, you also can spread out your requests throughout the year to get periodic updates.

**4. Look at how you're spending money — and how you can do a better job.** It's easy to overspend in some areas and neglect other priorities such as reducing high-interest debt, saving for a down payment on a car or a home, or putting money away for your retirement. That's why you should use your periodic financial checkup as an opportunity to see where your money has been going and make adjustments in your spending and saving plans for the future.

We suggest you try any system — ranging from a computer-based budget program to hand-written notes — that will help you keep track of your spending each month and enable you to set and stick to limits you consider appropriate. “You might be surprised how much you spend, even on small, incidental things such as snacks or specialty coffee,” Kincaid said. “You also might be surprised at how keeping track of your spending can make a big difference in achieving your goals.”

When reviewing your spending, also make sure you have enough insurance to protect your family — such as disability insurance to replace lost income during a serious illness, life insurance in case a wage earner dies, home owner's or renter's insurance, and health insurance to cover medical bills.

**5. Find new ways to simplify your financial life.** There are many things you can do to make your banking, bill paying and other financial chores easier. Examples include:

- Organizing your personal and financial papers to make sure you and your family can quickly find what you need;
- Getting rid of the papers you're sure you don't need;
- Looking into consolidating accounts or concentrating your business with fewer financial institutions;
- Signing up for direct deposit of your pay and benefit checks and other regular income;
- Having a certain sum automatically transferred each month to a savings or investment account;
- Arranging for an automatic withdrawal from your checking account to cover a recurring expense such as a mortgage loan or utility bill; and
- Exploring banking and bill paying by phone or online, which not only saves

time and money (instead of writing and mailing checks) but also can help you monitor your account more efficiently than waiting for monthly statements in the mail.

These ideas can help you save time, reduce stress, eliminate clutter, lower the fees you pay, and maybe even help you earn a little extra on your savings and investments.

To learn more, read the *FDIC Consumer News* article “You Can Simplify Your Financial Life” in our Winter 2004/2005 issue, online at [www.fdic.gov/consumers/consumer/news/cnwin0405](http://www.fdic.gov/consumers/consumer/news/cnwin0405).

**For more information:** See back issues of *FDIC Consumer News*, especially our special guides for seniors (Fall 2005) and young adults (Spring 2005) because they feature various strategies to prepare financially, including to-do lists at key stages of your life. You can find them online at [www.fdic.gov/consumernews](http://www.fdic.gov/consumernews). Also check the Internet or your local library for a wide variety of resources that can help you organize and manage your finances. 🏠

## 5 Top Reasons People Call or Write the FDIC:

### What You Can Learn from Other Consumers' Questions and Concerns

The FDIC receives hundreds of letters, e-mails and calls from consumers every day. *FDIC Consumer News* wants you to know the most common reasons people contact the FDIC so you can learn from their questions and concerns and take precautions that can save you time, money and headaches. In addition, we want to remind you that, if you need a little help, the FDIC can be a resource.

Here, in no special order, are the top five reasons consumers contact the FDIC.

**1. Questions about FDIC insurance coverage.** “Most of the calls and letters the FDIC receives from consumers — about 60 percent of them — are from people asking about their insurance coverage,” said Kathleen Nagle, chief of the Deposit Insurance Section in the FDIC's Division of Supervision and Consumer Protection. “They want to know what's covered, what isn't, and how much their coverage is.”

She added that a surprisingly large number of consumers have

*continued on next page*

misconceptions about deposit insurance. “The biggest concern,” Nagle said, “is that some depositors who believe that all their funds are insured may inadvertently have some money over the insurance limits.”

For more information, see the article on Page 8 about how to protect yourself with FDIC insurance. Included there is a guide to FDIC resources on deposit insurance, including our toll-free Call Center. “The FDIC consumer line is a great service the FDIC provides,” Nagle said. “We encourage anyone with a question about their FDIC insurance to call us.”

## 2. General questions about banking or consumer protections.

Consumers want to know, for example, if their bank is permitted to take a certain action and what their consumer rights are under the law. Before approaching the FDIC, you can learn more about your rights and responsibilities by contacting the institution directly (if you haven't done that already). Otherwise, you may call or write the FDIC or go to our Web site for more information (see Page 11).

## 3. Questions or complaints involving specific financial institutions.

Many questions or complaints involve account terms and conditions, such as fees, penalties, restrictions, and interest charges or payments.

Concerns about charges for “bounced checks” (due to insufficient funds) are common. So too are calls and letters about the costs of ATM transactions; many consumers forget or are not aware that they can be charged a fee for using an ATM that is not owned by their bank.

“When a bank changes the terms on an account, whether it is a checking account or a credit card, this also generates mail and phone calls,” added Lynne Gottesburen, an FDIC Supervisory Consumer Affairs Specialist. “Consumers often

don't realize that a bank can change the interest rate or the terms on an account or even close an account, as long as the change is allowed in the contract or agreement between the bank and the customer and the proper notification is given. That's why it is so important to read and understand your account agreement and correspondence sent by your financial institution.”

Also, she said, don't be afraid to ask a bank representative to explain something to you when you open the account or in the months or years that follow.

Consumers also contact the FDIC to discuss a dispute over a deposit account transaction or balance. Examples include deposits that didn't get posted to their checking account as expected or fees that seem incorrect. “Read your account disclosures and monitor your account on a regular basis to make sure the transactions reflected are yours and are accurate,” said Joni Creamean, an FDIC Senior Consumer Affairs Specialist. “If there is a mistake, notify your bank immediately and follow up in writing.”

The FDIC also receives many calls and letters each year from people trying to track down information about old accounts and banks that have changed names or no longer exist. These inquiries often come in after an individual dies and the executor or heirs find “proof” of an old account or a receipt for a safe deposit box at an unfamiliar bank. FDIC officials say that, in most cases, the accounts were closed by the owner years ago, but sometimes there are valuable accounts or other assets that can still be claimed, usually from the unclaimed property office in the state where the owner lived or did business. You can turn to the FDIC for help or direction in these situations. Start by reading our article about lost or forgotten accounts in the Spring 2002 *FDIC Consumer News* at [www.fdic.gov/consumers/consumer/news/cnspr02](http://www.fdic.gov/consumers/consumer/news/cnspr02).

## 4. Billing disputes and errors, primarily involving credit cards.

Sometimes something goes wrong, including bills that are incorrect or card payments that are posted late. When that happens, people contact the FDIC for help, and our response is usually to provide guidance regarding their consumer protections under the Fair Credit Billing Act. You may not be able to avoid a billing error, but it's important to closely monitor your account and report errors promptly to your financial institution to have it fix mistakes.

“To fully protect your rights under the law, consumers should write to their financial institution at the address provided for billing errors and not send their letter with their card payment, which goes to another location,” said Janet Kincaid, FDIC Senior Consumer Affairs Officer. “If that doesn't resolve the dispute, we encourage folks to write the lender's primary federal regulator for additional help.” (For related tips, see the article on Page 10 about how to complain effectively.)

## 5. Allegations of fraud.

Con artists often prey on peoples' desires to make money quickly and to trust a friendly face or voice. A prime example is the counterfeit check fraud that the FDIC hears about in different variations practically every day (Page 6). For tips on avoiding bad deals and scams that arrive by phone, letter and e-mail, see the next page.

**For more information:** The FDIC resources listed on Page 11 of this special guide can help you get up to speed on preventing and solving many different issues facing bank customers. Also take a look at back issues of *FDIC Consumer News* at [www.fdic.gov/consumernews](http://www.fdic.gov/consumernews), including the Spring 2006 issue focusing on FDIC insurance coverage and a Fall 2006 article on costly mistakes bank customers make. 🏠

## Avoiding Trouble

### 5 Things You Can Do to...

## Protect Against Bad Deals and Scams that Arrive by Phone, Letter and the Internet

Beware of crooks impersonating legitimate businesses, charities and other organizations

Marketers have lots of ways to find out who you are, where you live, and how you're likely to spend your money. While many unsolicited offers may be good deals for you, others may be costly or inappropriate... or even scams. In particular, crooks have become very good at impersonating legitimate businesses, charities and other organizations to trick people into giving out valuable information that can be used to commit identity theft, which involves stealing money using someone else's name.

"The amount of fake products, investments and services advertised online, by e-mail or by telemarketers is staggering," said David Nelson, a fraud specialist at the FDIC.

While laws and industry practices may limit losses for fraud victims in many cases, innocent victims sometimes end up losing money or spending many hours clearing their good name.

Here are a few ways you can be better prepared to know a good deal from a bad one and protect against a variety of scams, including ID theft. (For special guidance on avoiding counterfeit check frauds, see the next page.)

#### 1. Never divulge personal information in response to an unsolicited call, letter or e-mail.

Just having information about your checking account may be enough for a thief to obtain a bank draft that deducts funds from your account. So unless you initiate the contact with another party and you know it's reputable, don't provide details such as your Social Security Number, bank account and credit card numbers, personal identification numbers

(PINs), date of birth, or your mother's maiden name.

Also don't provide personal information via phone or e-mail in response to an unsolicited e-mail or an Internet advertisement, no matter how legitimate it may appear. That's because there are fraudulent, copycat e-mails and sites that are designed to appear to be from well-known companies. If you want to follow up with a company, use an e-mail address or phone number from a reliable, independent source that you go to on your own.

**2. Thoroughly check out any offer before agreeing to anything.** Always get key details in writing. Carefully read all the documentation, including the fine print in applications and contracts, to understand your potential costs, risks and requirements. Don't just rely on what a sales person tells you or what's printed in promotional literature. Ask friends and family what they think.

Do some comparison shopping at your bank and one or two other financial services firms to make sure that the "special" unsolicited offer you received is really special.

With credit card offers, for example, carefully review the terms and conditions, including the potential fees or penalties, all of which must be disclosed to you before you incur any charges on the account. By law, the most important terms in credit card offers must be in a specially highlighted box or near the box.

**3. Try to deal only with businesses you already know or that have been recommended by someone you**



**trust.** This minimizes the chance that you may be lured in by a high-cost company or a shady marketer, perhaps even a con artist. When in doubt, start with your state or local consumer protection office (listed in the blue pages of your phone book) and ask where to go for information on whether a service provider is properly licensed to do business and whether there are complaints or rule violations tied to this company. Another resource for complaints against a company is the Better Business Bureau.

For guidance on whether a bank is legitimate, you can call the FDIC's toll-free consumer assistance line (1-877-ASK-FDIC, which is 1-877-275-3342). You can also use the FDIC's online directory of insured banking institutions at [www2.fdic.gov/idasp/main\\_bankfind.asp](http://www2.fdic.gov/idasp/main_bankfind.asp).

**4. Assume that any offer that "sounds too good to be true" — especially one from a stranger or an unfamiliar company — is probably a fraud.** Common examples include:

- A telephone call or a letter notifying you of winning a lottery or a sweepstakes that you don't remember entering, and you are told to pay "taxes" or "fees" before you can claim your prize.

*continued on next page*

- A promise of an investment paying significantly above market rates.
- A fake job offer that promises to pay a lot for doing very little (such as stuffing packages or envelopes at home) and may involve handling or wiring money. “The crooks mostly want to learn your Social Security Number from your application or they want you to deposit a fraudulent check and then wire money to them out of your bank account,” said Michael Benardo, manager of the FDIC’s financial crimes section. (Read more about fake check scams in the article below.)
- An Internet friendship or romance that soon leads to pleas for money and secrecy.

If you think that you’ve already been fooled by a con artist, you can file a complaint with the government at [www.lookstoogoodtobetrue.com/complaint.html](http://www.lookstoogoodtobetrue.com/complaint.html), a Web site that is a joint effort of federal law enforcement agencies and corporate partners. You can also contact the Federal Trade Commission toll-free at 1-877-FTC-HELP (1-877-382-4357) and your local police or the police where the fraud took place. Ask to file a written report about the incident.

### 5. Know the other signs of a scam.

In general, any story that grabs your attention and emotions and then forces you to act quickly — before you have time to think rationally — may be part of a con game. Here are some of the classic red flags of financial fraud:

- You’re told to send money or provide bank account information up front — before you receive any goods, services or other benefits.
- You’re pressured to act fast, even before you’ve seen details in writing. “Scam victims have been interviewed by researchers and the results show that even very smart people can be tricked by fast talkers who spark emotions and then say, ‘This is a limited time offer. Act fast before it’s too late,’” Nelson said.
- You sense a reluctance to answer questions or provide written information.
- Someone tells an emotional story of being “in danger” or the victim of fraud or discrimination and then asks for your help, perhaps by placing funds in an overseas bank account.

*Assume that any offer that “sounds too good to be true” — especially one from a stranger or an unfamiliar company — is probably a fraud.*

- You’re told you already agreed to donate or pay money, and you don’t remember doing so.

**For more information:** Back issues of *FDIC Consumer News* feature numerous articles about preventing fraud. Find them online at [www.fdic.gov/consumernews](http://www.fdic.gov/consumernews). The Federal Trade Commission also publishes free consumer brochures on how to avoid a variety of bad deals and scams. Visit [www.ftc.gov/ftc/consumer.htm](http://www.ftc.gov/ftc/consumer.htm) or call the FTC at the phone number noted previously. 🏠

## 5 Things You Can Do to...

### Avoid Costly Scams Involving Fake Checks and Money Orders

Consumers and businesses often lose thousands of dollars in transactions with con artists

There’s been explosive growth in counterfeit personal and business checks, cashier’s checks and money orders in the last few years, due in part to new technologies and the growth of the Internet for transactions among strangers. But what’s especially troubling is that individual consumers and businesses are losing significant sums in these scams — often thousands of dollars — because they deposited a check from a stranger, withdrew the funds and then sent money or merchandise before their bank discovered that the check was fraudulent.

In these cases, *the depositor most likely will be held responsible for the entire amount of the fraudulent check.* Why? Because by depositing the check and withdrawing money, the consumer is taking responsibility for the funds that have been spent or sent before the check is found to be worthless. And often the withdrawal cannot be cancelled or reversed, especially with wire transfers, in which funds are transferred out of the account immediately. Also, the person who receives the check usually is in the best position to realize that it may not be good.

Money isn’t the only thing that can be lost to a fake check scam. In one example reported to the FDIC several years ago, a person “sold” a classic car then worth \$41,000 to a scam artist who used a counterfeit cashier’s check.

*FDIC Consumer News* has been warning readers about check fraud for years, but given the increase in fake checks and the costs to victims, we offer these key reminders.

1. **If you deposit a check from a stranger, discuss the situation with your branch manager before**

**spending that money or handing over anything of value.** It's safer not to accept checks from strangers, but if you do, tell the manager about the circumstances surrounding the check and ask when the check is likely to be considered "good" (paid).

While federal regulations require institutions to make funds from a deposit available quickly — generally within one to five business days — it can take a couple of weeks or longer before the bank discovers that the deposited check is worthless.

"The check could be counterfeit or bounce because of insufficient funds, and your bank will most likely hold you responsible for that money," said Michael Benardo, manager of the FDIC's financial crimes section. "If the other party badgers you at any time about waiting, especially if you are directed to send funds, tear up their check and stop all communications."

So, protect yourself by not touching the deposited funds until you explain to your branch manager the details of the transaction and the source of the check, and you wait for the manager's go-ahead to use the funds.

### **2. Walk away from any deal if you get a check for more than the amount due and you're instructed to return the difference.**

Let's say you sell a \$5,000 item over the Internet and the buyer sends a check or money order for \$10,000. The buyer, who has an explanation why the check is for more than what you expected, instructs you to deposit the check and wire the excess amount to his account or to the account of an associate. It may take a couple of weeks, but eventually the check will be returned as counterfeit.

Using our example, you may need to reimburse your bank for \$10,000, even if that's far more money than you have in your account. You may also have lost the item you were selling.

### **3. Recognize other warning signs of a check scam.**

"It's very difficult

for the average consumer or business owner or even bank teller to recognize a counterfeit check, so you're usually better off looking for the basic signs of a scam instead of focusing on the check itself," said David Nelson, a fraud specialist at the FDIC.

In addition to the warning signs we've already described, here are other red flags of a check fraud (and additional commentary from Nelson):

- The reasons for receiving a check are suspicious. ("How could you win a lottery you never entered?" Nelson said. "And if you really won something and owed money, why wouldn't they just deduct that amount from your winnings?")
- You're asked to send money outside of the United States. ("That's because it is difficult to track people down in another country.")
- You're pressed to send money right away. ("They're rushing you to act before you discover that the check is bad.")
- You're warned to keep things quiet — to not discuss the deal with a bank employee or anyone else. ("It's to prevent your banker or others from warning you about a counterfeit check.")

**4. Take additional precautions to make sure a check is good.** Consider insisting on being paid with a money order or a cashier's check (not a personal check) drawn on a local bank or a bank that has a local branch. That way you can take the check to that bank's branch to ensure it's valid.

Also consider asking for a money order from the U.S. Postal Service. These come in values of up to \$1,000 for domestic money orders and up to \$700 for international money orders.

To confirm that a Postal Service money order is valid or to cash it, you can take it to a local post office. You can also verify a Postal Service money

order by using an automated service at toll-free 1-866-459-7822.

Private financial services companies also issue money orders, but it's up to you to take appropriate precautions.

For example, "Don't depend on a phone number that's printed on a check or money order," Nelson stressed. "If this is a fraud, one of the criminals may answer and tell you that the check or money order is legitimate, or you may get a voice mailbox that the swindlers set up to sound real and reassuring."

In general, it's always best to use a phone number listed in your phone book or another directory, *not* the number printed on a check or money order or told to you by the other party.

Another way to be more comfortable that you're dealing with an honest person — especially someone you're dealing with over the Internet — is to try to confirm his or her name, address, home number and work number through some independent means, such as an online database or directory assistance.

### **5. Immediately report if you think you're a victim of a check fraud or if you notice something suspicious.**

Contact your bank as well as the local office of the FBI (listed in your phone book and on the FBI Web site at [www.fbi.gov/majcases/fraud/fraudschemes.htm](http://www.fbi.gov/majcases/fraud/fraudschemes.htm)).

**For more information:** Visit the "Looks Too Good to be True" Web site ([www.lookstoogoodtobetrue.com](http://www.lookstoogoodtobetrue.com)), a joint effort of federal law enforcement agencies and corporate partners that is intended to educate consumers on how to avoid Internet frauds, including those that involve counterfeit cashier's checks and money orders. It includes a test you can take to see if you are at risk for check fraud. 🏠

## Insuring Your Money

### 5 Things You Can Do to...

## Protect All Your Deposits with FDIC Insurance

If you or your family have more than \$100,000 at one institution, it makes sense to periodically review your coverage and, if necessary, make adjustments

Fortunately, bank failures have been rare in recent years, largely because of a strong U.S. economy and high standards that FDIC-insured institutions must meet for financial strength and stability. In the unlikely event that a bank were to fail, the FDIC would promptly pay every penny of a customer's insured deposits, including principal and interest, up to the insurance limit.

But while the overwhelming majority of depositors at failed institutions had all their funds within the federal limit, there have been customers who did not realize that some of their accounts were over the limit and uninsured. Those customers lost some or all of that excess amount (depending on how much money the FDIC recovered selling the failed institution's assets). Here's what you can do to fully protect yourself from loss by taking full advantage of FDIC insurance.

**1. Remember that the basic insurance limit is \$100,000 per depositor per insured bank, but you may qualify for more coverage than that.** If you or your family have \$100,000 or less in all of your deposit accounts at the same insured bank, you don't need to worry about your insurance coverage because your funds are fully insured. However, it is possible to have more than \$100,000 at one bank and still be fully insured. Here's how:

- Joint accounts (those owned by two or more people who have equal withdrawal rights) are insured up to \$100,000 per co-owner. For example, one or more joint accounts owned by a husband and wife at the same bank would be insured up to a combined



limit of \$200,000 — \$100,000 for each spouse.

- If you have deposit accounts in different “ownership categories,” these funds are separately insured. That means your deposits in single accounts (in your name only), joint accounts, and revocable trust accounts (which will pass to one or more named beneficiaries when the account owner dies) are *each separately insured*.

For example, if you have one or more single accounts in your name alone (insured up to \$100,000), your spouse has one or more single accounts in his or her name alone (insured to \$100,000), and you and your spouse together have one or more joint accounts at the same bank (insured to \$200,000), the total FDIC coverage at that bank for you and your spouse is \$400,000.

- Revocable trust accounts are insured up to \$100,000 per owner for each “qualifying” beneficiary named in the account, separately from any money you may have in single and joint

accounts. A qualifying beneficiary is a spouse, child, grandchild, parent or sibling. (Others who might be named in the account, including in-laws, cousins, nieces, nephews, friends, charities and trusts, are not considered qualifying beneficiaries for deposit insurance purposes.) So, if you have a revocable trust naming two qualifying beneficiaries — let's say your spouse and a child — it would be insured up to \$200,000.

- Federal law also provides up to \$250,000 in deposit insurance coverage for certain retirement accounts, such as Individual Retirement Accounts (IRAs). Check with the FDIC to learn more about what types of retirement deposits qualify for up to \$250,000 in coverage. Here again, deposits in this insurance category are separately insured from your other accounts at the same bank.

“People are usually amazed when they call us for information about their insurance coverage and learn just how much deposit insurance coverage they can get at one insured

bank or savings association,” said Kathleen Nagle, Chief of FDIC’s Deposit Insurance Section. “There are lots of ways to qualify for additional insurance coverage, but it’s important to understand there are requirements that apply to receive that extra coverage. That’s why we always encourage folks to check out our Web site or talk to one of our deposit insurance experts.” (See box below for contact information.)

**2. Periodically review your insurance coverage.** It makes sense to check up on your deposit insurance coverage if you or your family have more than \$100,000 at one institution. You especially may want to take another look if there’s been a change in your life that could reduce your insurance coverage.

For example, if two people own a joint account and one dies, the FDIC’s rules allow a six-month grace period after the depositor’s death to give survivors or estate executors a chance to restructure accounts. If you fail to act within six months, that joint account could become part of the survivor’s individual accounts, and that could put funds over the \$100,000 limit.

You also should review your insurance coverage before depositing a large sum of money, a common situation after an inheritance, a home sale, a payout from a pension or an insurance claim. Also do your homework if you own accounts at two institutions that merge and the combined funds exceed \$100,000. The deposit insurance rules also allow for a grace period of six months, and sometimes longer, after a merger, so you should review your accounts within that time period to avoid a potential problem.

**3. If necessary, you can make adjustments to your accounts to bring them within the insurance limit.** In general, you have two options for fully insuring deposits that exceed the FDIC’s insurance limit.

One is to divide the funds among various ownership categories at the same institution, because different

categories are separately insured to \$100,000 or more, but this is an option you need to think about carefully. For example, if you move some money from a single account into a joint account with someone else or into a revocable trust account, realize that you are giving that other person legal ownership of the money, either now or upon your death.

Your second option is to move funds over the insurance limit to accounts at other insured institutions. This option works well for people who don’t want, or don’t qualify for, other ownership categories at their existing bank.

**4. Take responsibility for knowing your deposit insurance coverage.**

Some people who’ve lost money in a bank failure said they mistakenly thought they were fully insured. “Regardless of the reason why a depositor has uninsured funds, the FDIC is bound by law to pay deposits according to the federal insurance limits,” said James Williams, an FDIC Consumer Affairs Specialist. “As much as the FDIC would like every customer to be fully protected when a bank fails, federal law is very specific about how much insurance the FDIC can pay. That’s why it’s important for consumers to take the time to be sure they’re fully insured.”

**5. Call the FDIC toll-free or take advantage of other resources to get answers to your questions about insurance coverage.** In most cases, there are requirements that depositors

*There are many ways to qualify for additional FDIC insurance coverage, but there are requirements that must be met.*

must meet to receive expanded insurance coverage. So don’t hesitate to contact the FDIC to get advice from a deposit insurance expert.

The FDIC staffs a toll-free consumer assistance line at 1-877-ASK-FDIC (that’s 1-877-275-3342), features deposit insurance brochures and other resources on our Web site ([www.fdic.gov/deposit/index.html](http://www.fdic.gov/deposit/index.html)), and responds to letters and e-mails. See the box below for details.

**For more information:** In addition to the resources noted above, remember that our quarterly *FDIC Consumer News* publishes information and updates on deposit insurance matters, usually in each issue. For example, the Spring 2006 edition included a guide to understanding FDIC insurance coverage, including a look at the “top 10” misconceptions people have about FDIC insurance. Current and past issues are online at [www.fdic.gov/consumersnews](http://www.fdic.gov/consumersnews). You can also sign up to receive an e-mail bringing you each new edition of *FDIC Consumer News* posted to our Web site. 📧

### For More Help or Information Regarding Your FDIC Insurance

**Call our toll-free consumer assistance line** at 1-877-ASK-FDIC (that’s 1-877-275-3342). It is staffed Monday through Friday from 8:00 a.m. to 8:00 p.m., Eastern Time. For the hearing-impaired, call 1-800-925-4618.

**Visit the FDIC Web site** at [www.fdic.gov/deposit/index.html](http://www.fdic.gov/deposit/index.html) to access brochures, videos, an online insurance calculator in English and Spanish, and a Customer Assistance Form you can use to e-mail the FDIC. You can also find articles on deposit insurance in back issues of *FDIC Consumer News*.

**You can also mail us a letter** by writing to the FDIC, Deposit Insurance Section, Division of Supervision and Consumer Protection, 550 17th Street, NW, Washington, DC 20429-9990.

## Resolving Problems

### 5 Things You Can Do to...

## Complain Effectively and Get Results

What if you have a problem with a financial institution but you're not sure about the best way to resolve the matter? Here are some tips for dealing with the situation and minimizing the frustrations.

**1. First try to fix the problem directly with the institution.** That's usually the quickest way to get things done. "Go straight to the source," said Janet Kincaid, FDIC Senior Consumer Affairs Officer. "Give the institution an opportunity to resolve the matter." If you're not satisfied with the answers from a customer service representative, consider asking to speak with a manager or someone else with the authority to take action.

Also, before you contact the institution, think about how you'd like the matter resolved. Summarize in your head or on a piece of paper what the problem is and what you'd like done about it. This will help you remember the key points of the issue. In case the financial institution doesn't agree to your solution, think about your second and third options.

**2. Get information in writing.** "Document, document, document," Kincaid recommended. With phone calls, ask for the name of the person you are speaking to and keep good notes of your conversation, including the date of your call and promised solutions. But even if that person agrees on a fix for your problem, follow up with a letter that includes who you spoke to, when, and what you spoke about — or ask the company representative to write back confirming any agreements. "That ensures that your discussion and the outcome are documented, just in case there are any disagreements or misunderstandings later on," said Kincaid.

Likewise, she said, when writing to a financial institution or government

agency, "include copies of any documents that support your case — never send originals — and again, keep a copy of any correspondence."

**3. Stay cool, calm and professional.** As hard as it may be, don't turn your problem into a personal dispute with a company employee. If you're upset, allow yourself to calm down before calling or putting pen to paper. You'll be much more effective in getting the institution to see your side of the problem, and you'll probably remember more details.

When writing a letter, include your name, address, phone number, account number, a description of your problem and how you'd like it resolved. Also, date and sign your letter. "Although it goes without saying, make sure your letter is legible," said Kincaid. "The FDIC often receives hand-written letters that are very difficult to read, and it's hard to assist someone if we can't determine the issues or the name of the consumer."

**4. Be clear about deadlines or other responsibilities when filing a complaint.** To be fully protected under the law, some federal statutes require people to report a problem within a certain time period or to submit their claim in writing.

"For example, making a phone call to dispute a charge on your credit card bill doesn't protect your rights under the law," explained Howard Herman, an FDIC Consumer Affairs Specialist. "Under the Fair Credit Billing Act, you must write to the creditor at the address set forth on your statement for billing inquiries," which is not the same place you send your card payments. That law also says that, for full protections, a complaint must be received within 60 days after the creditor sent the statement being questioned.



**5. If you can't resolve a problem directly with the institution, consider contacting its government regulator.** The FDIC and other banking regulators don't have the legal authority to settle a dispute between a bank and a consumer over whether the institution is living up to the terms of a loan or deposit agreement — that's a private matter governed by state business or contract law, not by federal banking law. But banking regulators often can assist consumers in other ways, such as helping people understand confusing information, contacting an institution that doesn't appear to be responding to a customer's complaint, or seeking corrective action if the institution is in violation of a law or regulation.

Remember that while the FDIC insures deposits in nearly all banking institutions in the United States, we may not be the primary regulator of a particular institution. To find out who regulates an institution, you can call the FDIC toll-free at 1-877-ASK-FDIC (that's 1-877-275-3342) or check the FDIC's online directory at [www2.fdic.gov/idasp/main\\_bankfind.asp](http://www2.fdic.gov/idasp/main_bankfind.asp).

**For more information:** Check out the FDIC "Consumer Assistance Brochure," which is online at [www.fdic.gov/consumers/questions/consumer/index.html](http://www.fdic.gov/consumers/questions/consumer/index.html). For general tips on solving problems with any financial services provider, go to [www.consumeraction.gov](http://www.consumeraction.gov), a Web site from the Federal Citizen Information Center that features the government's *Consumer Action Handbook*. 📖

## 5 Sources You Can Turn to...

### For More Help or Information on Managing Your Money

#### 1. The Federal Deposit Insurance Corporation:

The FDIC offers a variety of assistance to help consumers understand how to handle their money and resolve complaints. Start at [www.fdic.gov/quicklinks/consumers.html](http://www.fdic.gov/quicklinks/consumers.html) or call toll-free 1-877-ASK-FDIC (1-877-275-3342). Back issues of our quarterly *FDIC Consumer News* and articles referenced in this special guide are available at that same Web site or upon request from our Public Information Center at the same phone number as above. To send a question to the FDIC, e-mail us using the Customer Assistance Form at [www2.fdic.gov/starsmail/index.asp](http://www2.fdic.gov/starsmail/index.asp) or send a letter to the FDIC, Division of Supervision and Consumer Protection, 550 17th Street, NW, Washington, DC 20429-9990.

#### 2. Other federal regulators of financial institutions:

In addition to the FDIC, there are other federal agencies that publish consumer information and have staff, Web sites and other resources that can help answer questions on financial matters. A good place to start is [www.mymoney.gov](http://www.mymoney.gov), the federal government's central Web site about managing your money. It is a service of the interagency Financial Literacy and Education Commission, of which the FDIC is a partner.

#### 3. The Federal Citizen Information Center (FCIC):

Perhaps best known for its information clearinghouse based in Pueblo, Colorado, the FCIC helps answer questions on everyday issues. For example, the FCIC can direct you to the appropriate federal government agency that can respond to a question or complaint. It also features consumer news and information from the government, including the *Consumer Action Handbook*, a free guide to being a smart shopper and resolving problems and complaints. Start at [www.usa.gov](http://www.usa.gov) and click on "consumer guides" or call toll-free 1-800-FEDINFO (1-800-333-4636).

#### 4. Other federal, state and local government agencies:

Many of them publish consumer information, offer financial education classes and help answer questions on money matters. Start by going to your state or local government's Web site. Or, call a consumer protection office listed in the government pages of your phone book or other directories.

#### 5. Other financial and consumer Web sites:

FDIC-insured banks, other financial institutions, consumer organizations and the news media publish personal finance tips you can find searching the Internet. 🏠

### This FDIC Special Guide May Be Reprinted

The FDIC encourages financial institutions, government agencies, consumer groups, the media and anyone else to help make the tips and information in this special edition of *FDIC Consumer News* widely available to the public.

The newsletter may be reprinted in whole or in part without advance permission. In addition, the FDIC offers this special edition online in a PDF version at [www.fdic.gov/consumernews](http://www.fdic.gov/consumernews) that looks just like the printed newsletter and can easily be reproduced in any quantity. Space on the back page of the PDF version also was intentionally left blank so that an organization could add its name, logo, a special message and/or mailing information.

## FDIC Consumer News

Published by the Federal Deposit Insurance Corporation

Sheila C. Bair, *Chairman*

Elizabeth Ford, *Assistant Director, Office of Public Affairs (OPA)*

Jay Rosenstein, *Senior Writer-Editor, OPA*

Mitchell Crawley, *Graphic Design*

*FDIC Consumer News* is produced quarterly by the FDIC Office of Public Affairs in cooperation with other Divisions and Offices. It is intended to present information in a nontechnical way and is not intended to be a legal interpretation of FDIC or other government regulations and policies. Mention of a product, service or company does not constitute an endorsement.

This newsletter may be reprinted in whole or in part. Please credit *FDIC Consumer News*.

**Send comments, suggestions or questions to:** Jay Rosenstein, Editor, *FDIC Consumer News*  
550 17th Street, NW, Room 7100  
Washington, DC 20429  
[jrosenstein@fdic.gov](mailto:jrosenstein@fdic.gov)

**Find current and past issues of *FDIC Consumer News* at:** [www.fdic.gov/consumernews](http://www.fdic.gov/consumernews). Refer to that same index to locate issues that are specially formatted for being reprinted in any quantity.

**To receive an e-mail notice about each new issue with links to stories,** follow instructions posted at: [www.fdic.gov/about/subscriptions/index.html](http://www.fdic.gov/about/subscriptions/index.html).

### For More Information from the FDIC

Go to [www.fdic.gov](http://www.fdic.gov) or call toll-free 1-877-ASK-FDIC—that's 1-877-275-3342 —  
Monday through Friday  
8:00 a.m. to 8:00 p.m.,  
Eastern Time.

## A Final Exam: Test Your Money Management IQ

1. If you've been happy with your bank, there's no reason to compare its products with those of competitors because bank products, rates and fees are pretty much the same everywhere.  
*True or False?*

2. When exercising your right under federal law to obtain a free copy of your credit report each year from each of the three nationwide credit bureaus, you can spread out your three requests throughout the year (to get periodic updates on what is being reported about you) instead of ordering the reports at the same time.  
*True or False?*

3. If you deposit a check from a stranger, you should wait about two or three days before spending that money or handing over anything of value. That's enough time for the bank to discover if the check is fraudulent.  
*True or False?*

4. It is possible for you to have more than \$100,000 on deposit at one FDIC-insured bank and still be fully insured.  
*True or False?*

5. A death in the family can reduce the FDIC insurance coverage of bank accounts for which the deceased was a co-owner.  
*True or False?*

6. To dispute a charge on your credit card bill, a phone call to your creditor is sufficient under the federal Fair Credit Billing Act. You don't need to write a letter to your card company to protect your consumer rights against an error.  
*True or False?*

### Correct Answers

6. False (See Page 10)
5. True (See Page 9)
4. True (See Page 8)
3. False (See Page 6)
2. True (See Page 3)
1. False (See Page 2)