The fifth phase of the Credit CARD Act 2009 was enacted on August 22, 2010. These set of rules involve not only credit cards, also gift cards and debit and ATM cards.

For Credit Cards:

Reasonable Penalty Fees

- **Today:** Your late payment fee may be as high as $39, and you likely pay the same fee whether you are late with a $20 minimum payment or a $100 minimum payment.
- **Under the new rules:** Your credit card company cannot charge you a fee of more than $25 unless:
  - One of your last six payments was late, in which case your fee may be up to $35; or
  - Your credit card company can show that the costs it incurs as a result of late payments justify a higher fee.

In addition, your credit card company cannot charge a late payment fee that is greater than your minimum payment. So, if your minimum payment is $20, your late payment fee can’t be more than $20. Similarly, if you exceed your credit limit by $5, you can’t be charged an over-the-limit fee of more than $5.

Additional fee protections

- **No inactivity fees.** Your credit card company can’t charge you inactivity fees, such as fees for not using your card.
- **One-fee limit.** Your credit card company can’t charge you more than one fee for a single event or transaction that violates your cardholder agreement. For example, you cannot be charged more than one fee for a single late payment.

Explanation of rate increase

If your credit card company increases your card’s Annual Percentage Rate (APR), it must tell you why.

Re-evaluation of recent rate increases

- **Today:** Your credit card company can increase your card’s APR with no obligation to re-evaluate your rate increase.
- **Under the new rules:** If your credit card company increases your APR, it must re-evaluate that rate increase every six months. If appropriate, it must reduce your rate within 45 days after completing the evaluation.

Overdraft Rules for Debit & ATM Cards:

New rules give debit and ATM card users additional options regarding overdrafts.

Expect your bank or credit union to send you an explanation about how it treats overdrafts, be sure to read the information and respond appropriately. Here are some key things you need to consider when reading the notice:

**The basic facts**

An overdraft occurs when you make a purchase or ATM transaction but don’t have enough money in your account to pay for it. For a fee, your bank will cover you when you become overdrawn. This fee can apply each time you overdraw your account.

Generally, banks can cover your overdrafts in one of two different ways:
Continued from cover page

- **Standard overdraft practices.** Your bank will cover your transaction for a flat fee of about $20-30 each time you overdraft your account, or extend your loan. This charge could apply each time you overdraft regardless of the amount.

- **Overdraft protection plans.** Your bank may offer a line of credit or a link to your savings account to cover transactions when you overdraft your account. Banks typically charge a fee each time you overdraft your account, but these overdraft protection plans may be less expensive than their standard overdraft practices.

### The new rules

- **You choose.** In the past, some banks automatically enrolled you in their standard overdraft practices for all types of transactions when you opened an account. Under the new rules, your bank must first get your permission to apply its standard overdraft practices to everyday debit card and ATM transactions before you can be charged overdraft fees. To grant this permission, you will need to respond to the notice and opt in (agree).

- **Existing accounts.** If you do not opt in (agree), beginning August 15, 2010, your bank’s standard overdraft practices won’t apply to your everyday debit card and ATM transactions. These transactions typically will be declined when you don’t have enough money in your account, but you will not be charged overdraft fees.

- **New accounts.** If you open a new account on or after July 1, 2010, your bank cannot charge you overdraft fees for everyday debit card and ATM transactions unless you opt in. If you open a new account before July 1, 2010, your bank will treat you as an existing account holder; you will receive a notice about your bank’s standard overdraft practices and will have to decide if you want them for everyday debit card and ATM transactions.

- **Flexibility.** Whatever your decision, the new overdraft rules give you flexibility. If you opt in, you can cancel at any time. If you do not opt in, you can do so later.

- **Checks and automatic bill payments.** The new rules do not cover checks or automatic bill payments that you may have set up for paying bills such as your mortgage, rent, or utilities. Your bank may still automatically enroll you in their standard overdraft practices for these types of transactions. If you do not want your bank’s standard overdraft practices in these instances, talk to your bank; you may or may not have the option to cancel.

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**New protections**

Limits on expiration dates. The money on your gift card will be good for at least five years from the date the card is purchased. Any money that might be added to the card at a later date must also be good for at least five years.

- **Replacement cards.** If your gift card has an expiration date you still may be able to use unspent money that is left on the card after the card expires. For example, the card may expire in five years but the money may not expire for seven. If your card expires and there is unspent money, you can request a replacement card at no charge. Check your card to see if expiration dates apply.

- **Fees disclosed.** All fees must be clearly disclosed on the gift card or its packaging.

- **Limits on fees.** Gift card fees typically are subtracted from the money on the card. Under the new rules, many gift card fees are limited. Generally, fees can be charged if:
  - $ you haven’t used your card at least one year and,
  - $ you are only charged one fee per month.

These restrictions apply to fees such as:

- $ dormancy or inactivity fees for not using your card,
- $ fees for using your card (sometimes called usage fees),
- $ fees for adding money to your card, and maintenance fees.

You can still be charged a fee to purchase the card and certain other fees, such as a fee to replace a lost or stolen card. Make sure you read the card disclosure carefully to know what fees your card may have.

**Other prepaid cards**

These new rules apply only to gift cards, which are just one type of prepaid card. The new rules do not cover other types of prepaid cards, such as:

- **Reloadable prepaid cards that are not intended for gift-giving purposes.** For example, a reloadable prepaid card with a MasterCard, Visa, American Express, or Discover brand logo that is intended to be used like a checking account substitute is not covered.

- **Cards that are given as a reward or as part of a promotion.** For example, a free $15 gift card given to you by a store if you purchase merchandise or services of $100 or more may have fees or an expiration date of one year rather than five years. Regardless, you must be clearly informed of any expiration dates or fees for these cards.

Know the rules, be prepared, spend wisely.

Source: [http://www.ftc.gov](http://www.ftc.gov)
1. Get copies of your credit report--then make sure information is correct.

Go to www.annualcreditreport.com. This is the only authorized online source for a free credit report. Under federal law, you can get a free report from each of the three national credit reporting companies every twelve months. Best Result: Order one (1) every 4 months to monitor your credit. If you choose to view online, remember to say yes to printing.

You can also call 877-322-8228 or complete the Annual Credit Report Request Form and mail it to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

2. Pay your bills on time.

One of the most important things you can do to improve your credit score is pay your bills by the due date. You can set up automatic payments from your bank account to help you pay on time, but be sure you have enough money in your account to avoid overdraft fees.

3. Understand how your credit score is determined.

Your credit score is usually based on the answers to these questions:

- Do you pay your bills on time?
  The answer to this question is very important. If you have paid bills late, have had an account referred to a collection agency, or have ever declared bankruptcy, this history will show up in your credit report.

- What is your outstanding debt?
  Many scoring models compare the amount of debt you have and your credit limits. If the amount you owe is close to your credit limit, it is likely to have a negative effect on your score.

- How long is your credit history?
  A short credit history may have a negative effect on your score, but a short history can be offset by other factors, such as timely payments and low balances.

- Have you applied for new credit recently?
  If you have applied for too many new accounts recently, that may negatively affect your score. However, if you request a copy of your own credit report, or if creditors are monitoring your account or looking at credit reports to make prescreened credit offers, these inquiries about your credit history are not counted as applications for credit.

- How many and what types of credit accounts do you have?
  Many credit-scoring models consider the number and type of credit accounts you have. A mix of installment loans and credit cards may improve your score. However, too many finance company accounts or credit cards might hurt your score.

4. Learn the legal steps to take to improve your credit report.

5. Beware of credit-repair scams.

Sometimes doing it yourself is the best way to repair your credit. Federal Trade Commission explains how you can improve your creditworthiness and lists legitimate resources for low-cost or no-cost help.

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Some Useful terms

Everyday debit card transactions - Purchase made with your debit card on a day-to-day basis (excludes all checks and automatic bill payments)

Opt in - Giving your bank permission to include you in a particular service

Opt out - Declining a particular service offered by your bank

Overdraft - An overdraft occurs when you write a check, make an ATM transaction, use your debit card to make a purchase, or make an automatic bill payment or other electronic payment greater than the balance in your checking account.
Fire Prevention Week: October 3 to 9. Smoke Alarms should be inside and outside every bedroom and every floor. Test alarms monthly. Replace every 10 years.

National Forgiveness Day: Saturday, October 30. Letting go of resentment can lead to lower blood pressure, less stress and improved immunity. Journal writing can help the process.

Rules for ghouls: Keep trick-or-treaters safe with glow sticks, reflective tape and flashlights.

Kids should wear makeup, not masks, and shoes that fit well. Toy swords and knives should be soft.

Spinach Lovers Month: The leafy greens are packed with vitamin A, calcium, phosphorus, iron and potassium. Tasty recipes: http://SouthernFood.about.com/od/spinach

National Popcorn Poppin’ Month: Try different recipes from the Popcorn Board. www.Popcorn.org (click on “Nutrition & Recipes”).

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