

The Arizona Consumer @ azconsumer.org

Volume 41, Number 4, Winter 2009

Consumers Misunderstand Gift Cards

More than \$50 billion will be spent by consumers on gift cards this year. Some of the cards are store cards with no fee or expiration date. But nearly \$4 billion, and a growing percentage, represent purchase of general gift cards that can be used at most stores, but which usually cost \$4 to \$7 to purchase and sometimes are subject to monthly fees as high as \$4.95 as early as six months after purchase.

Purchasers need to pay attention to the card's expiration date and charges, especially the initial purchase price and any monthly charges typically assessed after six to twelve months.

There are costs and risks with gift cards. Six to 12 months after purchase of the card there may be a monthly fee. Some stores will not permit splitting payment for a purchase between a gift card and some other payment method.

The key recommendation to gift card recipients is to use all the card's value within six months if possible. If they do they are more likely to use all the card's value.

When NOT To Use a Debit Card

Don't use a debit card for big purchases. You could have an overdraft charge.

New laws that restrict overdraft fees on credit cards don't apply to debit cards. Banks often enroll debit customers automatically in overdraft protection programs, which can carry an annualized interest rate that exceeds 3,500 percent.

In This Issue

- Consumers Misunderstand Gift Cards *Page 1*
- When NOT To Use a Debit Card *Page 1*
- Telephone and Mail Order Merchandise *Page 2*
- Charity Rating Guide *Page 2*
- Charity Rating Guide Chart *Page 3*
- Your Support Mail-In Membership Form *Page 4*

Don't use a debit card online. If you use a credit card, your liability is capped at \$50, no matter what.

If your debit card is lost or stolen, it must be reported within two business days to limit liability to \$50.

If a lost or stolen debit card is reported within 60 days liability can go up to \$500.

If an unauthorized transaction is not reported within 60 days of the statement date (and the card hasn't been reported lost or stolen), you're on the hook for charges made after the 60th day until the report is made.

DO click on "credit" and sign for payments instead of giving a PIN. Card companies might extend the same zero-liability protection to debit cards as they do to credit cards if the debit cards are processed like the latter, but PIN transactions might not have that protection.

Telephone and Mail Order Merchandise

The Federal Mail or Telephone Order Merchandise Trade Regulation Rule requires stores to ship telephone, mail, fax and Internet orders within 30 days. If the merchant promises an earlier shipment date it must meet that deadline. If there is a problem they must obtain your consent to the delay. If you don't reply they must issue a refund. Time starts as soon as the order and the payment is received.

Don't link your debit card to an account with a lot of money. Thieves can empty your debit-card-linked checking account, so keep just enough in the account to cover current purchases.

Don't use prepaid cards. Often labeled as debit card, they have even skimpier fraud protection than debit cards and carry lots of fees, including dormancy and monthly fees.

Charity Rating Guide

This year a nationwide crackdown on dishonest fund raising by AARP, Attorneys General, and the FTC focused on "hero" charities raising money for police, firefighters and veterans. Before giving to these groups call your local police, fire department and find out if they have authorized the charity. In many cases they are paid solicitors and the money will support themselves.

The American Institute of Philanthropy is a nonprofit watchdog and provides information to maximize the effectiveness of every dollar contributed to charity. They rate charities on the basis of the cost to raise \$100 and the amount of that spent on charitable purposes. These are selected from their latest publication. You can check others out at your library or www.charitywatch.org.

Some local charities may be more thrifty than the national. AZ Better Business Bureau rates some local charities, but they often say only that they meet their standards rather than a grade rating.

The American Institute of Philanthropy is a nonprofit watchdog and provides information to maximize the effectiveness of every dollar contributed to charity.



www.charitywatch.org

The Charity Rating Guide Chart is currently under revision. Please consult the charity rating information at the link below. Please note that this source offers information on national charities, not local.

<http://www.charitywatch.org>

The Arizona Consumer

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Your Support Mail-In Membership Form

Arizona Consumers Council thanks its current supporters and welcomes all to join today. Please enter complete information and write clearly to ensure accuracy for our records. Your privacy is important to us and your personal information will not be shared.

You may also show your support with a donation online or join our membership list at: www.azconsumer.org

Please note that donations to the Council are not tax-deductible.

Today's Date _____ New Member Renew

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Suggested Donation / I wish to donate the following amount (check one/fill-in):

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Please check the consumer topics that are important to you *(Rank by priority if more than one)*:

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Detach form, enclose in an envelope with check, and mail to:

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