



# Consumer Affairs Tabloid



Keeping you in the "KNOW"

287- CITY

Army Community Service Financial Readiness Branch

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## From the Files of Fort Hood Consumer Affairs Office

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### *April is National Financial Literacy Month*



How does your financial picture look? Is it bright or dull and can you see the vision within? **Financial literacy** is the ability to understand **finance**. Money affects all aspects of your life and how you manage it will determine how well you will succeed in life financially. You must understand money to manage it. Money can have a positive or a negative effect on you. Having financial knowledge increases your mobility to a good financial life.

There are many resources that offer personal financial guidance. My Money.gov is a website which provides financial calculators to help you plan your finances; it has a college preparation checklist and a consumer's guide to credit cards at <http://www.mymoney.gov>. *Investing for your future* is an 11-unit home study course for beginning investors. The course teaches specific ways to "find" money to invest, important investment principles, specific investment products and ways to invest with small dollar amounts. [http://www.extension.org/pages/Investing\\_for\\_Your\\_Future](http://www.extension.org/pages/Investing_for_Your_Future)

The Financial Readiness Branch (FRB) also has free literature to offer such as *Money Management Basics (for military members)* a pamphlet that encourages you to set financial goals, keep track of your finances, build a budget and learn to manage debt. *Managing your Money*, a pamphlet that encourages budgeting, saving and investing. Also available is a *Summary of the Thrift Savings Plan*. Army One Source at [www.myarmyonesource.com/moneymatters](http://www.myarmyonesource.com/moneymatters). It is for mobile access and encourages soldiers to save, build wealth and reduce debt.

The Financial Readiness Branch offers many classes on a daily bases to assist you. It is best to gain the knowledge, use it wisely and stay on top of financial issues. The old saying "knowledge is power" is a very truthful cliché. Having knowledge about money management will assist you in being a wise and responsible consumer, saver and investor.

To obtain free financial literature, or to meet with a Personal Financial Counselor contact the FRB at 254-553-4698 or at the Rivers Bldg 121, 761<sup>st</sup> Tank Battalion Avenue; Resiliency Campus, Bldg 12020 and/or visit our website. [www.hoodmwr.com/acs](http://www.hoodmwr.com/acs).

Previous issues of the Consumer Affairs Tabloid are available on the Army Community Service (ACS), Financial Readiness section of the website at [www.hoodmwr.com/acs](http://www.hoodmwr.com/acs)

## Excerpt from the Federal Reserve Bank of Dallas

<http://dallasfed.org/educate/pubs/money.pdf>

### There's a Lot to Learn about Money

#### Manage Credit Wisely

Borrowing can help you meet your long-term goals for an education, car or home. But borrowing for day to day needs and wants gets many people into financial trouble.

**TRY THIS:** Before using your credit card, getting a payday loan, renting to own or borrowing against your home's equity, ask yourself if you really need to borrow the money.



- Avoid spur-of-the-moment purchases.
- Set a monthly limit on credit card charges.
- Pay more than the minimum on your credit card bill.

**TIP: THE MINIMUM PAYMENT TRAP**

It would take 61 years to pay off a \$5,000 credit card balance if you make only the minimum monthly payment. You would pay almost \$16,000\* in interest!

\* Assuming a 14% interest rate and minimum payment of 1.5% of the outstanding balance.



**Excerpt from the Federal Reserve Bank of Philadelphia**

[www.philadelphiafed.org/consumer-resources/publications/what-you-need-to-know-about-payment-cards.pdf](http://www.philadelphiafed.org/consumer-resources/publications/what-you-need-to-know-about-payment-cards.pdf)

**What You Need to Know About Payment Cards**

*If my credit or debit cards are used without my authorization, how much could I lose?*

It is very important to notify your card issuer by phone and in writing as soon as you suspect that unauthorized charges have been made using your payment card.

For credit cards, federal law limits consumer liability to \$50 per card for unauthorized purchases. If you report the loss before your credit cards are used, the card issuer cannot hold you responsible for any unauthorized charges.

For debit cards, liability protection depends on whether the plastic card itself is stolen and used fraudulently. If it is, a time element is added to the protection: If unauthorized activity is reported within two business days, the liability limit is \$50. If unauthorized activity is reported within 60 days, the liability limit is \$500. If the fraud is reported more than 60 days after the customer received the statement showing the fraudulent activity, the liability is potentially unlimited. When thieves steal just the account number and use it either on its own or to produce a counterfeit plastic card, customers have zero liability for 60 days from receipt of the statement on which the fraudulent activity is reported and unlimited liability thereafter.

**Excerpt from the Federal Reserve Bank of San Francisco**

[www.frbsf.org/publications/consumer/products.html](http://www.frbsf.org/publications/consumer/products.html)

**Bank Products: What's Insured and What's Not**

*Deposits vs. Investments*

Any money you have in savings and checking accounts or in certificates of deposit (CDs) is known as a deposit. Your financial institution is committed to returning all of your deposits (plus interest) whenever you ask. You can even take money out of a CD before it matures, however, you will have to pay a penalty for early withdrawal.

Your institution is also required to carry government insurance on your deposits up to \$250,000. The insurer is usually the Federal Deposit Insurance Corporation (FDIC). Contact your financial institution if you have specific questions about your insured deposits.

Financial institutions can also provide investment products like mutual funds and annuities to their customers. Your bank or credit union may sell you this type of product, but it is not obligated to pay you back for any losses you may have if the investment is not successful.

Equally important, the U.S. government does not insure you against investment losses, even if you purchased the product at a bank or credit union.