



New York State Comptroller Thomas P. DiNapoli

Your Money New York

Winter 2010

Office of the State Comptroller
110 State Street, Albany, NY 12236

www.osc.state.ny.us
yourmoney@osc.state.ny.us

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Touchdown!

Comptroller Thomas P. DiNapoli has announced an initiative in partnership with the National Football League, the NFL Players Association and Visa to help young people build their financial knowledge.

Although Financial Football is especially intended for high school students, younger people may also enjoy this exciting game.

To learn more about Financial Football, please visit www.yourmoneynewyork.com.

Message from Comptroller DiNapoli

Happy New Year! Welcome to the winter edition of *Your Money New York*.

The new year is traditionally a period for resolutions. With the economic turmoil of 2009 fresh in our memories, 2010 looks to be an excellent time for New Yorkers to take stock of their financial positions and take action to secure their financial futures. Long-term planning, careful monitoring and looking out vigilantly for economic opportunities all take effort, but they are essential to achieving our goals.

Managing holiday spending more wisely is a popular New Year's resolution every year. In this edition, articles on gift cards and debit cards can help you become a more savvy consumer. Opportunities for women business owners and new federal programs that offer assistance with the repayment of student loans are also addressed.

My Office maintains its resolve to promote sound fiscal practices by the State, its local governments and our citizens. We have continued to update our *Your Money New York* website, adding a Kids' Page to help young New Yorkers learn about money, as well as a page focusing on women's financial issues. I encourage you to use this valuable resource (www.yourmoneynewyork.com) for reliable information and practical tools to assist you in addressing whatever money-related challenges you may face.

I wish you peace and happiness in the year ahead.

Sincerely,

Thomas P. DiNapoli
State Comptroller

Public Service Loan Forgiveness Program

Eligibility also applies if the borrower works at a job providing one of the following public services:

- Emergency management
- Military service
- Public safety
- Law enforcement
- Public interest law services
- Early childhood education
- Public service for individuals with disabilities and the elderly
- Public health
- Public education
- Public library services
- School library or other school-based services

Student Loan Assistance Programs

Two recently implemented federal programs are designed to provide assistance to recent graduates who are trying to repay their student loans. The first caps loan repayments at 15 percent of their income for eligible students enrolled in the program. The second is a loan forgiveness program for students who go on to work in certain public sector fields. The two programs, which may be combined, can significantly reduce the repayment periods and amounts for participating borrowers.

Income-Based Repayment (IBR) Program. This program lets borrowers repay a lower amount than would ordinarily be required, based on their economic situation. The payments for those making below 150 percent of the poverty level (i.e., below \$16,245 a year for a single person household in the 48 contiguous United States and D.C. currently) would be zero, with others paying on a sliding scale that is capped at 15 percent of annual income. Contact the lenders who hold your student loans or visit <http://studentaid.ed.gov/PORTALSWebApp/students/english/IBRPlan.jsp> to learn more.

Public Service Loan Forgiveness (PSLF) Program. This program allows borrowers who work in eligible public service jobs to have the balance on their loans forgiven after a period of 10 years (120 qualifying monthly payments). The payments over those 10 years must be made upon eligible loans including: Federal Direct Stafford Loans, Federal Direct PLUS Loans, and Federal Direct Consolidation Loans. Public service jobs eligible for PSLF include employment with any nonprofit, tax-exempt 501(c)(3) organization; the federal government, a state government, or local government; the military, public schools and colleges; tribal government; and full-time AmeriCorps or Peace Corps positions. To learn more, visit <http://studentaid.ed.gov/PORTALSWebApp/students/english/PSF.jsp>.

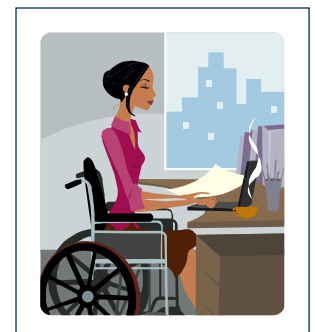
For more information on these and other student assistance programs, visit the federal student aid website at www.studentaid.ed.gov.

Small Business Resources for Women

The U.S. Small Business Administration has an Office of Women's Business Ownership which oversees a network of Women's Business Centers throughout the country, providing comprehensive training and counseling in many languages to help aspiring women entrepreneurs start and grow their own businesses. The Office's website, www.sba.gov/aboutsba/sbaprograms/onlinewbc/index.html, includes information on contracting, grant opportunities, online training for topics such as starting a business and surviving in a slow economy, and links to other resources for women.

The New York State Division of Minority and Women Business Development is a State agency dedicated to promoting equality of opportunity for minority- and women-owned business enterprises (MWBs). New York State has the largest directory of certified MWBs in the country. According to the Division, as of December 2007, there were 6,899 certifications of New York State MWBs, including 2,578 minority-owned business enterprises, 3,627 women-owned business enterprises, and 694 businesses with dual certification. The Division's website, www.nylovesmwbe.ny.gov, offers information on certification, contracting, technical assistance and financial resources.

For more information and resources for small businesses in New York, see the Resources Guide on page four.



Debit Cards: What You Need to Know

According to the Federal Deposit Insurance Corporation (FDIC), more consumers are using debit cards for purchases. Debit cards offer some of the convenience and security of credit cards. Since debit cards are tied to money in existing bank accounts, they may help consumers avoid running up unmanageable credit card bills and incurring interest costs. Still, consumers should know the pros and cons of using debit cards. The following summary includes tips from the New York State Consumer Protection Board and the FDIC.

A debit card is like an electronic check. When you use a debit card, the payment is deducted directly from your checking or savings account. Unlike using a credit card, which resembles a loan on which you may have to pay interest, using a debit card is like paying cash. Debit cards can also be used to get cash from automated teller machines (ATMs) and when you make purchases.

Debit card fees may add up quickly. Typical charges include fees for: activation and/or non-use of a debit card; using a Personal Identification Number (PIN) instead of signing your name when you use the card; using more money than you have in your account (like an overdraft fee when you bounce a check); and using your debit card to get cash from an ATM. Some merchants may also charge a usage fee. Your bank is required to disclose all fees to you, so make sure you understand the fees associated with your card to avoid unexpected charges.

A debit card can zap your bank account. Because debit cards are electronic, funds are deducted from your accounts more quickly than when you use a check – often within 24 hours. This means you may not have enough time to make a deposit to cover a purchase. Also, your bank may approve a purchase for more than the amount of money you have in your bank account as a convenience, but then charge you an overdraft fee for that purchase and every one that follows – often as high as \$30 each – until you make a deposit large enough to cover the purchases and the fees.

A “hold” can be placed on money in your accounts. Some merchants can put a “block” or “hold” on money in your accounts. For example, if you use a debit card to reserve a room, the hotel may put a hold on money in your account for part of the cost of the room. Also, gas stations may create two transactions – the first to get initial approval from the bank (often around \$50) when you first swipe your card, and the second for the actual purchase. It can take up to 48 hours for the first transaction to be cancelled, and until it is cancelled, you won’t have access to the money in your account for the value of both transactions.

Using a credit card may offer more financial protections. While debit cards have some federal protections from errors, loss and theft, they are not as protective as credit cards, which cap your liability for unauthorized transactions at \$50. With debit cards, if you notify your bank within two days of unauthorized card use, then your liability is also capped at \$50. However, if you take longer than two days (for example, if you don’t realize your card was misused), then you could lose up to \$500.

Even worse, if you receive a bank statement that shows an unauthorized card use and you don’t report it within 60 days, you could be responsible for any losses incurred – potentially losing all the money in your bank account. Unlike a credit card, where a thief is stealing from your credit line (essentially, borrowed money), with a debit card the thief is stealing your hard-earned money directly from your bank account. Until a dispute is resolved, you may not have access to the amounts in dispute, which could be a problem if you need that money to pay bills such as your rent.

You may want to consider using a credit card for major purchases and Internet purchases. Consumer protections under federal law are stronger for credit cards with regard to damaged or defective merchandise, because payment can be withheld until the problem is resolved. With debit cards, the merchant has the cash upon payment and the consumer has little protection if a dispute arises.



Steps to Protect Your Debit Card

The Federal Trade Commission offers the following tips on how to protect your debit card.

- **Keep your card secure.** Know where your card is at all times to protect against fraud.
- **Protect your account number.** Be cautious about who you give this number to. Do not write it on envelopes or other easily seen papers.
- **Protect your PIN.** Do not carry your PIN with you and do not write it on the card, a deposit slip, or other paper that could be easily seen or lost.
- **Review your transactions.** Before entering your PIN or signing the receipt, make sure that the transaction is correct, since funds may be transferred out of your account quickly.
- **Monitor your account activity and statements.** Compare them to your receipts every month and report problems immediately.

Buying and Using Gift Cards

Gift cards have grown in popularity, but it is important that you know the terms and conditions of any gift card, especially during the gift-giving season.

Laws prohibiting gift card sellers from charging inactivity fees for the first 13 months after a gift card is purchased are in place in New York State for store and mall gift cards. These fees, if applicable, are set to start soon for gift cards that were purchased last holiday season and may eat away at the value of the cards. Federal legislation that will become effective next year will prohibit inactivity fees for a year after the last use of the card, and prohibit for five years from purchase.

Gift cards still might come with terms and conditions that can decrease the value of the gift card. These include charging a service fee when the card is purchased; a dormancy fee if the gift card is not used within a certain period of time; a fee for calling to check the balance remaining on the card; and a replacement fee for lost or stolen gift cards. The bar code number and proof of purchase are needed to replace cards.

Gift cards may expire and no longer be accepted after a certain period of time. If an item costs more than the value of a card when a consumer makes a purchase, he or she may not be able to split payment between the card and another method of payment.

The increase in services available by gift cards is another reason for heightened consumer awareness. For example, you may get credit for returned merchandise in the form of a gift card with a credit balance.



Gift cards can be purchased and redeemed at the seller's physical location, the seller's website and partner websites focused on finding deals for consumers.

Many legitimate sites contain security measures to make sure the gift cards contain the stated value but they typically do not have controls in place to protect consumers and issuers from gift card purchases being made with stolen credit cards.

Outstanding gift card values issued by New York corporations are required to be turned over to Comptroller DiNapoli's office as abandoned property after five years of dormancy, but in most cases no identifying information is provided by the issuer, making it extremely difficult to return the property to its rightful owner.

Visit www.osc.state.ny.us/giftcards.htm to learn more about buying and using gift cards.

Resource Guide

You can learn more about the topics discussed in this newsletter from the following websites.

Student Loan Assistance Programs:

Where can I get New York-based help?

www.hesc.com/content.nsf/SFC/1/FederalFamilyEducationLoanRepaymentPlans

Small Business Resources:

Where can I find help with my small business?

www.nylovessmallbiz.com/home.asp

www.nyc.gov/html/sbs/html/home/home.shtml

Debit Cards:

What are the pros and cons of using debit cards?

www.fdic.gov/CONSUMERS/CONSUMER/news/cnspro6/debitcard.html

Where can I find tips to help me decide whether to use a debit or a credit card?

www.nysconsumer.gov/pdf/credit_vs_debit.pdf

Buying, Giving and Using Gift Cards:

www.ftc.gov/bcp/edu/pubs/consumer/alerts/alt010.shtm

If you would like to be added to our mailing list for future editions of this newsletter, or if you have any comments or suggestions for future topics to be addressed, please let us know!

Comptroller Thomas P. DiNapoli
Email: yourmoney@osc.state.ny.us
Phone: (518) 473-4333

Office of the State Comptroller
 110 State Street
 Albany, NY 12236

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