

TIPS FOR USING THIS HANDBOOK

This everyday guide to being a smart shopper is full of helpful tips about preventing identity theft, understanding credit, filing a consumer complaint, and more. Use the margins to make notes, write questions, or record other useful information. The information and resources you'll need are arranged as follows:

PART I—BE A SAVVY CONSUMER

Read this section for advice before you make a purchase. To quickly locate specific topics and information, look in the Table of Contents and Index (p. 147).

PART II—FILING A COMPLAINT

Turn to this section for suggestions on resolving consumer problems. The sample complaint letter on page 57 will help you present your case.

PART III—KEY INFORMATION RESOURCES

Look here for a list of public resources and contact information.

PART IV—CONSUMER ASSISTANCE DIRECTORY

Here you'll find contact information for corporate offices, consumer organizations, trade groups, government agencies, and more.

VISIT US ONLINE

A searchable version of this *Handbook* is available online at [USA.gov](https://www.usa.gov) and in Spanish at [GobiernoUSA.gov](https://www.gobiernousa.gov). You can also order or download an electronic version of the *Handbook* and hundreds of other consumer publications at [Publications.USA.gov](https://www.publications.usa.gov).



As a savvy consumer, you should always be on the alert for shady deals and scams. To avoid becoming a victim, keep these things in mind:

1. A deal that sounds too good to be true usually is! Be wary of promises to fix your credit problems, low-interest credit card offers, deals that let you skip credit card payments, work-at-home job opportunities, risk-free investments, and free travel.
2. Don't share personal information with someone you don't know or trust. Learn how to recognize fraud.
3. Beware of payday and tax refund loans. Interest rates on these loans are usually excessive. A cash advance on a credit card may be a better option.
4. Read and understand any contract or legal document you are asked to sign. Do not sign a contract with blank spaces or where the terms are incomplete.
5. Get estimates from several contractors for home or car repairs. Make sure the estimates are for the exact same repairs for a fair comparison.
6. When paying for your purchases, watch the cash register screen. If you think the price that has been charged is incorrect, speak up.
7. Before you buy, make sure you understand and accept the store's refund and return policies, especially for services and facilities that charge monthly fees.
8. Don't buy under stress. Avoid making big-ticket purchases during times of duress (e.g., coping with a death or debt).
9. When shopping online, look for the padlock icon in the bottom corner of your screen or a URL that begins with "https" to ensure that your payment information is transmitted securely.
10. If you are having difficulty making payments on loans, notify your lender immediately so that you can work out a payment plan.

BUYER BEWARE



BEFORE YOU BUY

To avoid problems and make better decisions, use this checklist BEFORE you make a purchase:

- Decide in advance exactly what you want and what you can afford.
- Do your research. Ask family, friends, and others you trust for advice based on their experience. Gather information about the seller and the item or service you are purchasing.
- Review product test results and other information from consumer experts. See general resources in Part III (p. 58) or check the *Handbook* index (p. 147) for specific information.
- Get advice and price quotes from several sellers.

- Check out a company's complaint record with your local consumer affairs office (p. 112) and Better Business Bureau (p. 66).
- Get a written copy of guarantees and warranties.
- Get the seller's refund, return, and cancellation policies.
- Ask whom to contact if you have a question or problem.
- Read and understand any contract or legal document you are asked to sign. Make sure there are no blank spaces. Insist that any extras you are promised be put in writing.
- Consider paying by credit card. If you have a problem, you can dispute a charge made on your credit card (p. 11).
- Don't buy on impulse or under pressure. This includes donating to charity.

SERVICE CONTRACTS AND EXTENDED WARRANTIES

Service contracts or "extended warranties" can add hundreds to your purchase price and are rarely worth the cost. Some duplicate warranty coverage you get automatically from a manufacturer or dealer. Ask these questions before you agree to one of these contracts:

- Does the dealer, the manufacturer, or an independent company back the service contract?
- How are claims handled? Who will do the work, and where will it be done?
- What happens to your coverage if the dealer or administrator goes out of business?
- Do you need prior authorization for repair work?
- Are there any situations when coverage can be denied? You may not have protection from common wear and tear, or if you fail to follow recommendations for routine maintenance.

PRODUCT SAFETY RECALLS

Before you buy a used vehicle or other second-hand product, check to be sure it hasn't been recalled for safety reasons. Some recalls ban the sale of an item, while others ask consumers to return the item for replacement or repair. Sometimes, a seller provides a part that reduces the danger of using the product.

If you're buying a product for a child, be especially vigilant. Each year, there are about 300 recalls of children's products such as toys, clothing, cribs, and costume jewelry. Visit the websites in the "Check Here for Recalls" box for the latest safety recalls. Download the app from Recalls.gov onto your mobile phone to stay informed about recalled products while you are on the go. You can also sign up for free e-mail notifications at www.cpsc.gov/cpsclist.aspx.



CHECK HERE FOR RECALLS

- www.recalls.gov lists government-initiated recalls from federal agencies.
- www.nhtsa.gov lists recalls and safety information on vehicles and equipment.
- www.fsis.usda.gov lists recalls that involve meat, poultry, or processed egg products.
- www.fda.gov lists recalls that involve food, medicines, medical devices, cosmetics, biologics, and pet food.
- Report incidents and safety concerns with consumer products, search for incidents, reported by others at Saferproducts.gov.

- Make sure that the seller has all appropriate licenses. Doctors, lawyers, contractors, and other service providers must register with a state or local licensing agency (p. 112).

QUICK TIPS FOR AVOIDING FRAUD

There are many varieties of consumer frauds, but the most common ones are variations of fake check scams, credit repair, free trips offers, and sweepstakes. Here are some tips to help you avoid being a victim:

- **Don't give out personal information.** Be suspicious of anyone you don't know who asks for your Social Security number, birthdate, credit card number, bank account number, password, or other personal data.
- **Don't be intimidated.** Be suspicious of calls or e-mails that want you to provide or verify personal information immediately. Tell them you're not interested and hang up or don't reply to the e-mail.
- **Monitor your accounts.** Review bank and credit card statements carefully, and report unauthorized transactions to your financial institution immediately.
- **Use a shredder.** Tear or shred credit offers you receive in the mail, bank statements, insurance forms, and other papers with personal information.

IDENTIFYING AND STOPPING FRAUD

Look for these warning signs to avoid fraud:

- You are asked for your bank account or credit card number.
- Someone you don't know offers you the chance to receive a credit card, loan, prize, lottery, or other valuable item, but asks you for personal data to claim it.
- The solicitation looks like a government document and suggests that contest winnings or unclaimed assets are yours for a small fee. (The government doesn't solicit money from citizens.)
- Someone you don't know asks you to send money or money orders to claim a prize, lottery, credit card, loan, or other valuable offer.
- An unknown caller claiming to be a lawyer or in law enforcement offers to help you get your money back (for a fee).
- The deal is only good "for today" or a short time.
- A "repair person" suddenly finds a dangerous defect in your car or home.
- You are given little or no time to read a contract.
- A sale item is suddenly unavailable, but a "much better item" is available for slightly more money.
- Someone is trying to scare you into purchasing credit protection plans.

To learn more about avoiding identity theft and fraud, go to page 41.

AFTER YOU BUY

Even careful buyers can run into unforeseen problems later on. To minimize them, follow these steps after you buy:

- **Save all papers that come with your purchase.** Keep all contracts, sales receipts, canceled checks, owner's manuals, and warranty documents.
- **Read and follow product and service instructions.** The way you use or take care of a product might affect your warranty rights.

BANKING



ATM/DEBIT CARDS

With a debit card and personal identification number (PIN), you can use an Automated Teller Machine (ATM) to withdraw cash, make deposits, or transfer funds between accounts. Some ATMs charge a fee if you are not a member of the ATM network or are making a transaction at a remote location.

Retail purchases can also be made with a debit card. You enter your PIN or sign for the purchase. Although a debit card looks like a credit card, the money for the purchase is transferred immediately from your bank account to the store's account. When you use a debit card, federal law does not give you the right to stop payment. You must resolve the problem directly with the seller.

If you suspect your debit card has been lost or

PROTECT YOUR PIN

Beware of "shoulder surfers." Be suspicious of anyone lurking around an ATM or watching over your shoulder while you use your card. Some thieves even put a device over the card slot of an ATM to read the magnetic strip and record your PIN; this is known as "skimming". If you suspect criminal activity, walk away and use a different ATM.

BEFORE YOU SWIPE YOUR DEBIT CARD

Although both credit cards and debit cards are easy ways to pay for your purchases, debit cards have some different levels of consumer protection and potential for consumer fees. Debit cards are directly connected to your bank account, so when you swipe your card, make sure that you have the money in your account to pay immediately. If you don't have enough money in your account,



your bank may "lend" you the money and pay the overage. However, it may charge you up to \$35 for this courtesy, even if the dollar amount the bank covered was small. Some banks also charge you a monthly fee for making purchases with your debit card.

Debit cards don't offer as much protection against fraudulent use, or if your card is lost or stolen.

Also, if you need to dispute a purchase, you are in a weaker

position because the merchant already has the money and will only return it if you win the dispute.

Another fact to keep in mind is that when you use your debit card to make reservations for hotels or rental cars, a hold is placed on your card (and your checking account), which can affect your other pending transactions. Even if the hold is removed, it may take as long as a week until the funds are available to you again.

stolen, call the card issuer immediately. While federal law limits your liability for a lost or stolen credit card to \$50, your liability for unauthorized use of your ATM or debit card can be much greater, depending on how quickly you report the loss.

- If you report a debit card missing before it is used, you are not responsible for any unauthorized withdrawals.
- Your liability is limited to \$50 if you report the loss within two business days after you realize your debit card is missing and to \$500 if you report the loss between two and 60 days.
- If you have not reported an unauthorized use of a debit or ATM card within 60 days after your bank mails the statement documenting the unauthorized use, you could lose all the money in your bank account as well as the unused portion of your line of credit established for overdrafts.

Check the policies of your card issuer. Some offer more generous limits on a voluntary basis.

Federal Reserve rules give debit and ATM card users additional protections covering overdrafts. Generally, banks cover your overdrafts by charging you a fee or offering an overdraft protection

plan, similar to a line of credit. If your bank pays overdrafts, you have the option to opt in to this service for most ATM and debit card transactions. Banks must disclose this option, the amount of the overdraft fee, and the customer's right to cancel this service. For more information, go to www.federalreserve.gov/consumerinfo.

PREPAID CARDS

Prepaid cards issued by banks and other government-regulated organizations offer consumers a way to make payments and conduct other financial transactions. There are plenty of situations where a prepaid card might be the most convenient choice, but be sure you understand the key terms and conditions **BEFORE** you buy.

Many cards carry protections similar to credit and debit cards. To obtain these benefits, you must follow the instructions for registering and activating your card. Be sure to record your card information, including the customer service telephone number listed on the back of the card in a separate place, so you can get a replacement if yours is lost or stolen.

If you have a problem with a prepaid card, first contact the customer service number. If the problem still isn't resolved, you may want to file a complaint with the proper authorities:

- For cards issued by retailers, contact the FTC (p. 106). You may also file a complaint with your local consumer protection office (p. 112).
- For cards issued by national banks, contact the Office of the Comptroller of the Currency (p. 104).
- For cards issued by state banks, contact the FDIC (p. 106) or state banking authority (p. 126).

SAVINGS AND CHECKING

When it comes to finding a safe place to put your money, there are a lot of options. Savings accounts, checking accounts, certificates of deposit (CD), and money market accounts are popular choices. Each has different rules and benefits that fit different needs. When choosing the one that is right for you, consider:

Minimum deposit requirements. Some accounts can only be set up with a minimum dollar amount. If your account goes below the minimum, the bank may not pay you interest on the money you deposited and you may be charged extra fees.

Limits on withdrawals. Can you take money out whenever you want? Are there any penalties for doing so?

Interest. How much (if anything) is paid and when? Daily, monthly, quarterly, yearly? To compare rates offered locally to those from financial institutions around the nation, visit www.bankrate.com.

BEWARE: CASH TOP-UP SCAMS

Cash top-up cards can be a convenient way to transfer money to other accounts. They are not designed to be used directly with retailers or online merchants; rather they are used to reload money on accounts that you control, such as your debit card.

Unfortunately, scammers know the ease and convenience of using these cards. They persuade you to share your top-up card number directly with them instead of using a wire or escrow service. However, if you send the top-up number you'll be left without the merchandise you were promised or your money. To protect yourself from these scams:

- Guard your top-up card like it is cash.
- Be wary of advertisements where you are asked to pay with a cash top-up card.
- Don't share your top-up card number with someone you don't know, even if a merchant asks you to e-mail it to them.
- Never use these cards to pay taxes or fees on lottery or sweepstakes winnings. It's likely that you haven't won anything.

Deposit insurance. Make sure your bank is a member of the Federal Deposit Insurance Corporation (FDIC). This agency protects the money in your checking and savings accounts, certificates of deposit (CDs), and IRA accounts up to \$250,000. For more information, see page 106 or visit www.fdic.gov.

Credit unions. A credit union is a nonprofit, cooperative financial institution owned and run by its members. Like the FDIC does for banks, the National Credit Union Share Insurance Fund (NCUSIF) insures a person's savings up to \$250,000.

Convenience. How easy is it to put money in and take it out? Are there branches or ATMs close to where you work and live? Can you bank by phone or Internet?

If you are considering a checking account or another type of account with check-writing privileges, add these items to your list of things to think about:

Number of checks. Is there a maximum number of checks you can write per month without incurring a charge?

Account and check fees. Is there a monthly fee for the account or a charge for each check you write?

Debit card fees. Are there fees for using your debit card?

Holds on checks. Is there a waiting period for checks to clear before you can withdraw the money from your account?

Overdrafts. If you write a check for more money than you have in your account, what happens? You may be able to link your checking account to a savings account to protect yourself.

Bounced checks. It's your responsibility to have sufficient funds in your account to cover checks that you write. Your bank will charge you for insufficient funds. Bounced checks can also blemish your credit record, so you may want to talk to your bank about overdraft protection.

UNSOLICITED CHECKS AND CREDIT OFFERS

If you cash an unsolicited check you've received in the mail, you could be agreeing to pay for products or services you don't want or need. In addition, those "guarantees" for credit cards or loans, without consideration of credit history, are probably a scam. Legitimate lenders never guarantee credit. For more information on how to identify fraudulent solicitations, visit www.ftc.gov.

Legitimate offers of credit often come in the form of "convenience checks," which credit card companies enclose with your monthly statement. However, these convenience checks may carry higher fees, a higher interest rate, and other restrictions. If you don't want the checks, be sure to shred them to protect yourself from "dumpster divers" and identity thieves.

Contact the proper regulatory agency below.

Type of Institution	Regulatory Agency
State-chartered banks and trust companies	Federal Deposit Insurance Corporation (p. 106) and state banking authorities (p. 126)
Banks with National in the name or N.A. after the name	Office of the Comptroller of the Currency, U.S. Department of the Treasury (p. 104)
Federal savings and loans and Federal savings banks	Office of the Comptroller of the Currency, Department of the Treasury (p. 104)
Federally chartered credit unions	National Credit Union Administration (p. 107)
State-chartered banks that are members of the Federal Reserve System	Federal Reserve System (p. 106)

Dumpster divers sift through trash in search of your personal information.

CARS



Whether you are buying or leasing a vehicle, these tips will help you get the best deal and avoid problems:

- Decide what kind of vehicle best suits your needs and budget.
- Check out the seller. For car dealers, check with your state or local consumer protection agency (p. 112) and Better Business Bureau (p. 66). If you're buying from an individual, check the title to make sure you're dealing with the vehicle's owner.
- Take a test drive. Drive at different speeds and check for smooth right and left turns. On a straight stretch, make sure the vehicle doesn't pull to one side.
- Handle trade-ins and financing separately from your purchase to get the best deal on each. Get a written price quote before you talk about a trade-in or dealer financing.
- Shop in advance and compare financing options at your credit union, bank, or finance company. Look at the total finance charges and the Annual Percentage Rate (APR), not just the monthly payment.
- Read and understand every document that you are asked to sign.
- Don't take possession of the car until all paperwork is final.
- Choose an auto insurance policy that is right for you (p. 28).

GOVERNMENT FUEL ECONOMY WEB PAGES

- www.epa.gov/emissweb is a green vehicle guide that can help you identify vehicles that are fuel-efficient and have clean-running engines.
- www.fueleconomy.gov compares the miles-per-gallon ratings of different vehicle models manufactured since the mid-1980s.
- www.fueleconomy.gov/feg/savemoney.shtml calculates annual fuel estimates.

Be wary of gas-saving automotive devices or gas or oil additives.

BUYING A NEW CAR

Do your research first and compare vehicles. Four key resources that offer vehicle performance, service, and safety information are: *Consumer Reports* (www.consumerreports.org), *Motor Trend* (www.motortrend.com), *Car and Driver* (www.caranddriver.com), and Edmunds automotive books and network (www.edmunds.com).

- Research the dealer's price for the car and options. It's easier to get the best price when you know what the dealer paid for a vehicle. The dealer invoice price is available on a number of websites and in printed pricing guides. *Consumer Reports* offers the wholesale price: this figure factors in dealer incentives from a manufacturer and is a more accurate estimate of what a dealer is paying for a vehicle.
- Find out whether the manufacturer is offering rebates that will lower the cost. For more information, visit www.carsdirect.com and www.autopedia.com/html/Rebate.html.
- Get price quotes from several dealers. Find out if the amounts quoted are the prices before or after rebates are deducted.
- Avoid low-value extras such as credit insurance, extended warranties, auto club memberships, rustproofing, and upholstery finishes. You do not have to purchase credit insurance in order to get a loan. See *Service Contracts and Extended Warranties* (p. 2).
- Hybrid-electric cars are becoming popular among consumers interested in fuel economy and reducing their negative impact on the environment. These cars combine the benefits of gasoline engines and electric motors and can be configured to achieve different objectives such as improved fuel economy, increased power, or additional auxiliary power. Tax breaks may also be available for qualifying vehicle purchases. For more information about hybrids, electric vehicles, alternative fuels, and tax incentives, visit www.fueleconomy.gov.

BUYING A USED CAR

- Learn what rights you have when buying a used car. Contact your state or local consumer protection office (p. 112).
- Find out in advance what paperwork you will need to register a vehicle. Contact your state's motor vehicle department. See www.usa.gov/Topics/Motor_Vehicles.shtml.
- Check prices of similar models using the *NADA Official Used Car Guide* (www.nadaguides.com) published by the National Automobile Dealers Association (p. 65) or the *Kelley Blue Book*



(www.kbb.com). These guides are usually available at local libraries.

- Research the vehicle's history. Ask the seller for details concerning past owners, use, and maintenance. Next, find out whether the car has been damaged in a flood, involved in a crash, been labeled a "lemon," or had its odometer rolled back. The vehicle identification number (VIN) will help you do this.
- Your state motor vehicle department can research the car's title history. Inspect the title for "salvage," "rebuilt," or similar notations.
- The National Highway Traffic Safety Administration's (NHTSA) website (www.nhtsa.gov) lists VINs of its crash-test vehicles and will let you search an online database of manufacturer service bulletins.
- The websites www.carfax.com and www.autocheck.com sell information on the history of vehicles gathered from state motor vehicle departments and other sources. These reports are helpful but do not guarantee that a vehicle is accident-free.
- The Center for Auto Safety (www.autosafety.org) provides information on safety defects, recalls, and "lemons" as well as service bulletins.
- Make sure any mileage disclosures match the odometer reading on the car.
- Check the warranty. If a manufacturer's warranty is still in effect, contact the manufacturer to make sure you can use the coverage.
- Ask about the dealer's return policy. Get it in writing and read it carefully.
- Have your mechanic inspect the car. Talk to the seller and agree in advance that you'll pay for the examination if the car passes inspection, but the seller will pay if significant problems are discovered. A qualified mechanic should

check the vehicle's frame, tires, air bags, and undercarriage as well as the engine.

- Examine dealer documents carefully. Make sure you are buying—not leasing—the vehicle. Leases use terms such as "balloon payment" and "base mileage" disclosures.

DEALER VERSUS PRIVATE-PARTY PURCHASES

In general, buying a used car from a dealer is a safer option because you are dealing with an institution, which means you are better protected by law. The Federal Trade Commission (FTC) requires dealers to post a Buyer's Guide in the window of each used car or truck on their lot. This guide specifies whether the vehicle is being sold "as is" (in the current condition of the vehicle, without a warranty) or with a warranty, and what percentage of repair costs a dealer will pay under the warranty. Keep in mind that private sellers generally have less responsibility than dealers do for defects or other problems. FTC rules do not apply to private-party sales.

Expect to pay higher prices at a dealer than if you buy from an individual. Many dealers inspect their cars and provide an inspection report with each one. However, this is no substitute for your own inspection. Some dealers provide limited warranties, and most sell extended warranties. Watch out for dealer warranties that are "power train" warranties only, and not "bumper-to-bumper," full-coverage warranties. It's best to compare warranties that are available from other sources.

Some dealers provide "certified" cars. This generally means that the cars have had a more thorough inspection and come with a limited warranty. Prices for certified cars are generally higher. Be sure to get a list of what was inspected and what is covered under the warranty.

Purchasing a car from a private seller may save you money, but there are risks. The car could be stolen, damaged, or still under a finance agreement. If a private seller lies to you about the condition of the vehicle, you may sue the individual if you have evidence and you can find him or her. An individual is very unlikely to give a written warranty.

FINANCING

Most car buyers today need some form of financing to purchase a new vehicle. Many use direct lending, that is, a loan from a finance company, bank, or credit union. In direct lending, a buyer agrees to pay the amount financed, plus an agreed-upon finance charge, over a specified period. Once a buyer and a vehicle dealership enter into a contract to purchase a vehicle, the buyer uses the loan proceeds from the direct lender to pay the dealership for the vehicle.

Another common form is dealership financing, which offers convenience, financing options, and sometimes special, manufacturer-sponsored, low-rate deals. Before you make a financing decision, it's important to do your research:

- Decide in advance how much you can afford to spend and stick to your limit.
- Get a copy of your credit report and correct any errors before applying for a loan.
- Check buying guides to identify price ranges and best available deals.

More information about vehicle financing, deciding what you can afford, and consumer protections is available at www.ftc.gov/bcp/menus/consumer/autos/finance.shtm.

LEASING

When you lease, you pay to drive someone else's vehicle. Monthly payments for a lease may be lower

than loan payments, but at the end of the lease you do not own or have any equity in the car. To get the best deal, follow these points of advice in addition to the general suggestions for buying a car (p. 6):

- To help you compare leasing versus owning, the Consumer Leasing Act requires leasing companies to give you information on monthly payments and other charges. Check out www.leaseguide.com and www.leasecompare.com for information on leases and current deals.
- Consider using an independent agent rather than the dealer; you might find a better deal. Most financial institutions that offer auto financing also offer leasing options.
- Ask for details on wear and tear standards. Dings that you regard as normal wear and tear could be billed as significant damage at the end of your lease.
- Find out how many miles you can drive in a year. Most leases allow 12,000 to 15,000 miles a year. Expect a charge of 10 to 25 cents for each additional mile.
- Check the manufacturer's warranty. It should cover the entire lease term and the number of miles you are likely to drive.
- Ask the dealer what happens if you give up the car before the end of your lease. There may be extra fees for doing so.
- Ask what happens if the car is involved in an accident.
- Get all of the terms in writing. Everything included with the car should be listed on the lease to avoid your being charged for "missing" equipment later.

The Federal Reserve System offers a consumer guide to auto leasing at www.federalreserve.gov/pubs/leasing.

RECALLS, "LEMON" LAWS, AND SECRET WARRANTIES

Sometimes a manufacturer makes a design or production mistake on a motor vehicle. A service bulletin notifies the dealer of the problem and how to resolve it. Because these free repairs are not publicized, they are called "secret warranties." The National Highway Traffic Safety Administration (www.nhtsa.dot.gov) maintains a database of service bulletins filed by manufacturers.

If you have a problem with a vehicle that is a safety hazard, check whether the manufacturer has recalled your vehicle. Go to www-odi.nhtsa.dot.gov/recalls/recallsearch.cfm or call NHTSA at 1-800-424-9393. You should report hazards that aren't listed to your dealer, the manufacturer of the vehicle (p. 63), and NHTSA. If a



CHOOSE A SAFE VEHICLE

Crash tests can help you determine how well a vehicle will protect you in a crash. Here are different organizations that perform crash tests and rate vehicles:

- **The National Highway Traffic Safety Administration** Each year, NHTSA (www.nhtsa.gov) crashes vehicles head-on into a wall and bashes them broadside to test their ability to protect their occupants. NHTSA focuses on evaluating vehicle restraints such as air bags and safety belts.
- **The Insurance Institute for Highway Safety** A different test by the IIHS (www.hwysafety.org) uses offset-frontal car crashes to assess the protection a vehicle's structure provides.
- **Consumers Union** Published by CU, the annual auto issue of *Consumer Reports* (www.consumerreports.org) rates vehicles in terms of overall safety. Its safety score combines crash test results with a vehicle's accident avoidance factors—emergency handling, braking, acceleration, and even driver comfort.

To find out whether a manufacturer has recalled a car for safety defects, contact NHTSA (p. 104). If a vehicle has been recalled, ask the dealer for proof that the defect has been repaired. Used vehicles should also have a current safety inspection sticker if your state requires one.

safety-related defect exists, the maker must fix it at no cost to you—even if your warranty has expired.

If you have a vehicle with a unique problem that just never seems to get fixed, you may have a “lemon.” Some states have laws concerning “lemons” that require a refund or replacement if a problem is not fixed within a reasonable number of tries or you haven’t been able to use your vehicle for a certain number of days. Contact your state or local consumer protection office (p. 112) to learn whether you have such protections and what steps you must take to get your problem solved. If you believe your car is a “lemon”:

- Give the dealer a list of the problems every time you bring it in for repairs.
- Get and keep copies of the repair orders listing the problems, the work done, and the dates that the car was in the shop.
- Contact the manufacturer, as well as the dealer, to report the problem. Check your owner’s manual or the directory for the auto manufacturer (p. 63).

The Center for Auto Safety (p. 109) gathers information and complaints concerning safety defects, recalls, service bulletins, and state “lemon” laws.

RENTING

Federal law does not cover short-term car and truck rentals, but some state laws do. Contact your state or local consumer protection office (p. 112) for information or to file a complaint.

- Ask what the total cost will be after all fees are included. There may be an airport surcharge or drop-off fees, insurance fees, fuel charges, mileage fees, taxes, additional-driver fees, underage-driver fees, and equipment rental fees (for items such as ski racks and car seats).
- Ask whether the rental company checks the driving records of customers when they arrive at the counter. If so, you could be rejected, even if you have a confirmed reservation.
- Check in advance to be sure you aren’t duplicating insurance coverage. If you’re traveling on business, your employer may have insurance that covers accidental damage to the vehicle. You might also have coverage through your personal auto insurance, a motor club membership, or the credit card you use to reserve the rental.
- Carefully inspect the vehicle and its tires before renting.
- Check refueling policies and charges.
- Ask the rental company whether a deposit is required. If so, ask for a clear explanation of the deposit refund policies and procedures.

REPAIRS

Whenever you take a car to the repair shop:

- Choose a reliable repair shop. Family, friends, or an independent consumer-rating organization should be able to help you. Look for shops that display various certifications that are current. You should also check out the shop’s record with your state or local consumer protection office (p. 112) or Better Business Bureau (p. 66).
- Describe the symptoms. Don’t try to diagnose the problem.
- Make it clear that work cannot begin until you have an estimate (in writing, preferably) and you give your okay. Never sign a blank repair order. If the problem can’t be diagnosed on the spot, insist that the shop contact you for authorization once the trouble has been found.
- Ask the shop to return the old parts to you.
- Follow the warranty instructions if a repair is covered under warranty.
- Get all repair warranties in writing.
- Keep copies of all paperwork.

Some states, cities, and counties have special laws that deal with auto repairs. For information on the laws in your state, contact your state or local consumer protection office (p. 112). A consumer guide to auto repair is available at www.ftc.gov/bcp/edu/pubs/consumer/autos/aut13.shtm.

CAR REPOSSESSIONS

When you borrow money to buy a car or truck, the lender can take your vehicle back if you miss a payment or in some other way violate the contract. You should also be aware that the lender:

- Can repossess with cause without advance notice.
- Can insist you pay off the entire loan balance in order to get the repossessed vehicle back.
- Can sell the vehicle at auction.
- Might be able to sue you for the difference between the vehicle’s auction price and what you owe.
- Cannot break into your home or physically threaten someone while taking the vehicle.

If you know you’re going to be late with a payment, talk to the lender to try to work things out. If you and the lender reach an agreement, be sure to get the agreement in writing. Contact your state or local consumer protection office (p. 112) to find out whether your state gives you any additional rights.

CREDIT



Like everything else you buy, it pays to comparison shop for credit. For up-to-date interest rate reports on mortgages, auto loans, credit cards, home equity loans, and other banking products, visit www.bankrate.com. The Equal Credit Opportunity Act protects you when dealing with anyone who regularly offers credit, including banks, finance companies, stores, credit card companies, and credit unions. When you apply for credit, a creditor may not:

- Ask about or consider your sex, race, national origin, or religion.
- Ask about your marital status or your spouse—unless you are applying for a joint account or relying on your spouse's income, or you live in a community property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, or Wisconsin).
- Ask about your plans to have or raise children.
- Refuse to consider public assistance income or regularly received alimony or child support.
- Refuse to consider income because of your sex or marital status or because it is from part-time work or retirement benefits.

You Have the Right to:

- Have credit in your birth name, your first name and your spouse/partner's last name, or your first name and a combined last name.
- Have a co-signer other than your spouse if one is necessary.
- Keep your own accounts after you change your name or marital status or if you retire, unless the creditor has evidence that you are unable or unwilling to pay.
- Know why a credit application is rejected—the creditor must give you the specific reasons or tell you where and how you can get a copy of the credit report it used to determine its rejection, if you ask within 60 days.

- Have accounts shared with your spouse reported in both of your names.
- Know how much it will cost to borrow money.

For additional information on credit, see *Buying a Home* (p. 23) and *Cars* (p. 6). Other sources of information include the HUD Housing Counseling Clearinghouse at 1-800-569-4287, the FTC (p. 106), and the National Consumer Law Center (p. 110). You have the right to a FREE annual Credit Report (see "FREE CREDIT REPORTS" box, p. 13).

CREDIT CARDS

Chances are, you've received "pre-approved" credit card offers in the mail. Examine the fine print carefully before you accept any offer for a credit or charge card. Look for:

- **The Annual Percentage Rate (APR).** If the interest rate is variable, how is it determined, and when can it change?
- **The periodic rate.** This is the interest rate used to figure the finance charge on your balance each billing period.
- **The annual fee.** While some cards have no annual fee, others expect you to pay an amount each year for being a cardholder.
- **The grace period.** This is the number of days you have to pay your bill before finance charges start. Without this period, you may have to pay interest from the date you use your card or the date the purchase is posted to your account.
- **The finance charges.** Most lenders calculate finance charges using an average daily account balance, which is the average of what you owed each day in the billing cycle. Look for offers that use an adjusted balance, which subtracts your payment from your beginning balance. This method usually has the lowest finance charges. Check whether there is a minimum finance charge.
- **Other fees.** Ask about fees when you get a cash advance, make a late payment, or go over your credit limit. Some credit card companies also charge a monthly fee.

CONSUMER FINANCIAL PROTECTION BUREAU

The Consumer Financial Protection Bureau (CFPB) is now up and running. This agency has authority to set clear rules for banks, mortgage companies, payday lenders, credit card lenders, and other financial service firms. Contact the CFPB to file credit card or mortgage complaints. For more information go to www.consumerfinance.gov.

The Fair Credit and Charge Card Disclosure Act requires credit and charge card issuers to include this information on credit applications. The Federal Trade Commission (p. 106) offers a wide range of free publications on credit and consumer rights at www.ftc.gov. The Federal Reserve Board (p. 106) provides a guide to choosing a credit card and credit protection laws at www.federalreserve.gov/consumerinfo.

Comparing Cards

- Bank Rate (www.bankrate.com) provides free credit card tips and information.
- Consumer Action (www.consumer-action.org) features credit card surveys of interest rates, fees, and other terms from dozens of credit cards as well as free brochures and guides on choosing and using credit cards.
- Card Trak (www.cardtrak.com) lists credit cards and offers e-mail newsletters for consumers, answers to frequently asked questions, and online credit card calculators.
- Card Ratings (www.cardratings.com) lists and reviews credit cards, and offers tips and credit card calculators.

Complaints

To complain about a problem with your credit card company, call the number on the back of your card or try to resolve it or with the CFPB (p. 96). If you fail to resolve the issue, ask for the name, address, and phone number of its regulatory agency. See the chart on page 5 to find the best federal or state regulatory agency to contact.

To complain about a credit bureau, a department store that offers credit, or other Federal Deposit Insurance Corporation (FDIC)-insured financial institution, write to the agency's Consumer Response Center (p. 106). You may also file a complaint with the FTC at www.ftc.gov.

Credit Card Billing Disputes

Under the Fair Credit Billing Act, you have the right to dispute charges on your credit card that you didn't make, are incorrect, or are for goods or services you didn't receive.

- Send a letter to the creditor within 60 days of the statement date of the bill with the disputed charge.
- Include your name and account number, the date and amount of the disputed charge, and a complete explanation of why you are disputing the charge.

To ensure it's received, send your letter by certified mail, with a return receipt requested.

- The creditor or card issuer must acknowledge your letter in writing within 30 days of receiving it and conduct an investigation within 90 days. You

do not have to pay the amount in dispute during the investigation.

- If there was an error, the creditor must credit your account and remove any fees.
- If the bill is correct, you must be told in writing what you owe and why. You must then pay it, along with any related finance charges.

If you don't agree with the creditor's decision, file an appeal with the Consumer Financial Protection Bureau (p. 96).

CREDIT REPORTS AND SCORES

A credit report contains information on where you work and live, how you pay your bills, and whether you've been sued or arrested, or have filed for bankruptcy. Consumer Reporting Agencies (CRAs) gather this information and sell it to creditors, employers, insurers, and others. The most common type of CRA is the credit bureau. There are three major credit bureaus: Equifax: 1-800-685-1111 or www.equifax.com or fraud alert 1-888-766-0008; Experian: 1-888-397-3742 or www.experian.com; TransUnion: 1-800-916-8800 or www.transunion.com or fraud alert 1-800-680-7289.

FICO

The information in your credit report is used to calculate your FICO score, a number generally between 300 and 850. The acronym stands for Fair, Isaac and Company. The higher your score, the less risk you pose to creditors. A high score, for example, makes it easier for you to obtain a loan, rent an apartment, or lower your insurance rate. Your FICO score is available from www.myfico.com for a fee. Free credit reports do not contain your credit score, although you can purchase it when you request your free annual credit report through www.annualcreditreport.com.

Tips for Building a Better Credit Score

- Pay your bills on time. Delinquent payments and collections negatively impact your score.
- Keep balances low on credit cards and other "revolving credit." High outstanding debt lowers your score.
- Apply for, and open, new credit accounts only as needed. Don't open an account just to have a better credit mix; it probably won't raise your score.
- Pay off debt instead of moving it around. Owing the same amount, but having fewer open accounts, may lower your score.

You don't rebuild your credit score; you rebuild your credit history. Time is your ally in improving credit. There is no "quick fix" for a bad credit score, so be suspicious of any deals that offer you a fast, easy solution.

CARD ACT PROTECTIONS FOR CONSUMERS

The Credit Card Accountability Responsibility and Disclosure (CARD) Act brought about sweeping protections for consumers. Among other things, your credit card company must comply with the rules below:

Fees

- Cannot change rates or fees without sending you a notice 45 days in advance in most cases.
- Must give you the option of rejecting a fee increase, but be aware that the credit card company may close your account if you reject the fee increase and may require a higher monthly payment.
- Cannot charge you a late payment fee of more than \$25, regardless of how much you owe—unless one of your last six payments was late or the credit card company can justify a higher fee based on the cost of late payments.
- Cannot charge a late payment fee that is greater than your minimum payment.
- Cannot charge you an inactivity fee for not using your card.
- Cannot charge you more than one fee for a single late payment or any other violation of your cardholder agreement.
- Cannot charge you over-the-limit transaction fees unless you opt in, stating that you want to allow transactions that take you over your credit card limit. If the credit card company allows the transaction without your opt in, it cannot charge you a fee.
- Can impose only one fee per billing cycle for transactions that take you over your credit limit if you opt in to over-the-limit transactions. You can revoke your opt in at any time.

- Cannot impose annual fees, application fees, or other charges that total more than 25% of your initial credit limit; this does not apply to late fees or other penalties.

Payments

- Has to tell you how long it will take to pay off your balance if you make only minimum payments.
- Must mail or deliver your credit card bill at least 21 days before your payment is due.
- Must apply any payments above the minimum required amount to the balance with the highest interest rate, if you have more than one rate.

Interest Rates

- Cannot increase your rate for the first 12 months after you open an account unless you have a variable interest rate or an introductory rate; you are more than 60 days late paying your bill; or you are in a workout agreement and don't make payments as arranged.
- Cannot charge higher rates for purchases made before you receive notice of a new rate.
- Cannot use the double-cycle billing method when calculating interest; interest can only be charged on balances within the current billing cycle.
- Cannot increase your Annual Percentage Rate (APR) without explaining why it is doing so. If your credit card company increases your APR, it generally must re-evaluate that rate increase every six months. Under some circumstances, it may have to reduce your rate after the evaluation.

What's more, a credit card company can grant credit cards to consumers under age 21 only if they can show they are able to make payments or have a cosigner for the card. More information about CARD Act protections is available from www.federalreserve.gov/creditcard.

Negative Information in Your Credit Report

Negative information concerning your use of credit can be kept in your credit report for seven years. A bankruptcy can be kept for 10 years, and unpaid tax liens for 15 years. Information about a lawsuit or an unpaid judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer. Inquiries remain on your report for two years.

Anyone who denies you credit, housing, insurance, or a job as a result of a credit report must give you the name, address, and telephone number of the credit reporting agency (CRA) that provided the report. Under the Fair Credit Reporting Act (FCRA), you have the right to request a free report within 60 days if a company denies you credit based on the report.

If there is inaccurate or incomplete information in your credit report:

- Contact the CRA and the company that provided the information.
- Tell the CRA in writing what information you believe is inaccurate. Keep a copy of all correspondence.

Under the Fair Credit Reporting Act, the information provider is required to investigate and report the results to the CRA. If the information is found to be incorrect, it must notify all nationwide CRAs to correct your file. If the investigation does not solve your dispute, ask that your statement concerning the dispute be included in your file. A notice of your dispute must be included whenever the CRA reports the negative item.

FREE CREDIT REPORTS

You can request a free credit report once a year from the three major credit reporting agencies—Equifax, Experian, and TransUnion. You may want to request your credit reports one at a time, every four months, so you can monitor your credit throughout the year without having to pay for a report. (If you ask the credit bureaus directly, they will charge you a fee to obtain your report.) To order your free report, you must go through www.annualcreditreport.com or call 1-877-322-8228.

If the information is accurate, only time, hard work, and a personal debt repayment plan will improve your credit report. Credit repair companies advertise that they can erase bad credit for a hefty fee. Don't believe it. Under the Credit Repair Organizations Act, credit repair companies can't require you to pay until they have completed promised services. They must also give you:

- A copy of the “Consumer Credit File Rights Under State and Federal Law” before you sign a contract.
- A written contract that spells out your rights and obligations.
- Three days to cancel without paying any fees.

Some credit repair companies promise to help you establish a whole new credit identity. You can be charged with fraud if you use the mail or telephone to apply for credit with false information. It is also a federal crime to make false statements on a loan or credit application, to give a false Social Security Number, or to obtain an Employer Identification Number from the Internal Revenue Service under false pretenses. If you have lost money to a credit repair scam, contact your state or local consumer affairs office (p. 112).

DEALING WITH DEBT

The Fair Debt Collection Practices Act applies to those who collect debts owed to creditors for personal, family, and household debts—these include car loans, mortgages, charge accounts, and money owed for medical bills. A debt collector is someone hired to collect money you owe.

Within five days after a debt collector first contacts you, the collector must send you a notice that tells you the name of the creditor, how much you owe, and what action to take if you believe you don't owe the money. If you owe the money or part of it, contact the creditor to arrange for payment. If you believe you don't owe the money, contact the creditor in writing and send a copy to the collection agency with a letter telling it not to contact you.

BE ALERT: 'CREDIT REPAIR' SCAMS

Beware! Before you sign up for fee-based credit repair services, beware. Many of the promised services are either illegal or are ones you can do for free by yourself. Before you sign up to work with these companies, here are some tidbits to keep in mind:

- A credit repair company must give you a copy of the “Consumer Credit File Rights under State and Federal Law” before you sign a contract.
- The company cannot perform any services until you have signed a written contract and completed a three-day waiting period, during which time you can cancel the contract without paying any fees.
- The company cannot charge you until it has completed the promised services, according to the Credit Repair Organizations Act.
- It is illegal to erase timely and accurate negative information contained in your credit history.
- Suggestions that you create a new credit history (also called file segregation) by requesting an Employer Identification Number from the IRS are also illegal.
- You can solve your own credit challenges by requesting a free copy of your credit report through www.annualcreditreport.com, and by working with creditors to dispute incorrect information.

A debt collector may not:

- Contact you at unreasonable times, for example, before 8 am or after 9 pm, unless you agree.
- Contact you at work if you tell the debt collector your employer disapproves.
- Contact you after you write a letter telling the collector to stop, except to notify you if the collector or creditor plans to take a specific action.
- Contact your friends, relatives, employer, or others, except to find out where you live and work.
- Harass you with repeated telephone calls, profane language, or threats to harm you.
- Make any false statement, or claim that you will be arrested.
- Threaten to have money deducted from your paycheck or to sue you, unless the collection agency or creditor intends to do so and it is legal.



DEBT COLLECTION E-MAILS

Third party debt collection agencies can use e-mail as a means for contacting you to collect a debt. However, your privacy could be compromised if e-mails with sensitive information (social security number, account numbers) are intercepted. If you agree to accept e-mail from a debt collection agency, ask that all e-mails are encrypted.

To file a complaint, contact your state or local consumer protection agency (p. 112) and the Federal Trade Commission (p. 106).

Out-of-Control Debt

Counseling services are available to help people budget money and pay bills. Credit unions, extension offices, military family service centers, and religious organizations are among those that may offer free or low-cost credit counseling.

Local, nonprofit agencies that provide educational programs on money management and help in developing debt payment plans operate under the name Consumer Credit Counseling Service (CCCS). They are members of the National Foundation for Credit Counseling (NFCC), an organization that supports a national network of credit counselors.

Typically, a counseling service will negotiate lower payments with your creditors, and then make the payments using money you send to it each month. The cost of setting up this debt-management plan is paid by the creditor, not you. Ask these questions to find the best counselor for you:

- What services do you offer? Look for an organization that offers budget counseling and money management classes as well as a debt-management plan.
- Do you offer free information? Avoid organizations that charge for information or make you provide a lot of details about your problem first.
- What are your fees? Are there set-up and/or monthly fees? A typical set-up fee is \$10. If you're paying a lot more, you could be the one being set up.

- How will the debt-management plan work? What debts can be included in the plan, and will you get regular reports on your accounts?
- Ask whether the counselor can get creditors to lower or eliminate interest and fees. If the answer is "yes," contact your creditors to verify this.
- Ask what happens if you can't afford to pay. If an organization won't help you because you can't afford to pay, go somewhere else for help.
- Will your counselor help you avoid future problems? Getting a plan for avoiding future debt is as important as solving the immediate debt problem.
- Ask for a contract. All verbal promises should be in writing before you pay any money.
- Are your counselors accredited or certified? Legitimate credit counseling firms are affiliated with the National Foundation for Credit Counseling (p. 145) or the Association of Independent Consumer Credit Counseling Agencies (p. 143).

Check with your local consumer protection agency (p. 112) and the Better Business Bureau (p. 66) to see whether any complaints have been filed about the counseling service you're considering.

If you have concerns about approved credit counseling agencies or credit counseling providers, please contact the U.S. Trustee Program, visit www.usdoj.gov/ust, or call 202-514-4100.

Personal Bankruptcy

Bankruptcy generally is considered the debt management option of last resort because the results are long-lasting and far-reaching. The Bankruptcy Abuse and Prevention Act of 2005 established more stringent rules for consumers and attorneys.

The filing process may be difficult for debtors:

- Debtors must file documents, including itemized statements of monthly net income, proof of income (pay stubs) for the last 60 days, and tax returns for the preceding year (four years for Chapter 13 bankruptcies).
- Debtors must take a pre-filing credit counseling and post-filing education course to have debts discharged.
- Debtors face increased filing fees, plus fees for credit counseling/education.
- The bankruptcy petition and process are complicated, so it's very difficult to file without an attorney.

LOST AND STOLEN CREDIT CARDS

Immediately call the card issuer when you suspect a credit or charge card has been lost or stolen. Once you report the loss or theft of a card, you have no further responsibility for unauthorized charges. In any event, your maximum liability under federal law is \$50 per card.

BEWARE: OFFERS TO SKIP A PAYMENT

If your credit company invites you to skip a monthly payment without a penalty, it is not doing you a favor. You will still owe finance charges on your unpaid balance, and interest could be adding up on any purchases you make after the due date you skipped.

The filing process for lawyers:

- An attorney's signature on a petition certifies that the attorney has performed reasonable investigation into circumstances giving rise to the petition.
- Attorneys must carefully review documents such as tax returns and pay stubs as well as ask clients for credit reports.
- Attorneys are more apprehensive about sanctions.

LOANS

Home Equity Loans

A home equity loan could be a smart way to pay off high-interest debt or pay for home repairs. But consider carefully before taking out a home equity loan. If you are unable to make payments on time, you could lose your home.

Home equity loans can be either a revolving line of credit or a lump sum. Revolving credit lets you withdraw funds when you need them. A lump sum

PAYDAY AND TAX REFUND LOANS

Payday loans are illegal in some states. Changes in the law for payday lenders have also made payday loans illegal for members of the military. With a typical payday loan, you might write a personal check for \$115 to borrow \$100 for two weeks, until payday. The Annual Percentage Rate (APR) in this example is 390%! If you can repay the loan quickly, it may not appear such a bad deal. But if you can't pay off the loan quickly, that relatively small loan can grow into a major debt. At 390% interest, a \$100 loan will become \$490 in a year and \$2,401 in two years.

Another high-cost way to borrow money is a tax refund loan. This type of credit lets you get an advance on a tax refund—for a fee. APRs as high as 774% have been reported. If you're short of cash, avoid both of these loans by asking for more time to pay a bill or seeking a traditional loan. A cash advance on your credit card may cost less.

is a one-time, closed-end loan for a particular purpose, such as remodeling or tuition. Apply for a home equity loan through a bank or credit union first. These loans are likely to cost less than those offered by finance companies.

Please see the Housing section (p. 23) for helpful information about buying, leasing, renting, or repairing a home.

Installment Loans

Before you sign an agreement for a loan to buy a house, a car, or other large purchase, make sure you fully understand all of the lender's terms and conditions, including:

- The dollar amount you are borrowing.
- The payment amounts and when they are due.
- The total finance charge, including all interest and fees you must pay to get the loan.
- The Annual Percentage Rate (APR), the rate of interest you will pay over the full term of the loan.
- Penalties for late payments.
- What the lender will do if you can't pay back the loan.
- Penalties if you pay the loan back early.

The Truth in Lending Act requires lenders to give you this information so you can compare different offers.

FINANCING YOUR EDUCATION



PAYING FOR COLLEGE 101

There's no way around it. A college education can be expensive. The cost of education after high school depends on several factors including the college you choose. Once you've narrowed your college choice, contact the school(s) to find out how much the total cost will be and what scholarships and types of financial aid are available.

High schools often hold free seminars on choosing and paying for college. The U.S. Department of Education's website, www.studentaid.ed.gov

BEWARE: SCHOLARSHIP AND FINANCIAL AID SCAMS

Scholarships and financial aid do not require up-front fees. While there are legitimate companies that will help guide you through the financial aid and college application process for a fee, disreputable companies may ask you for money up front and provide nothing in return. Red flags to watch out for include the following:

- A “money-back guarantee” to secure a scholarship. Don’t believe it. Unscrupulous companies attach conditions that make it impossible to get the refund.
- “Secret scholarships.” If a company claims to have inside knowledge of scholarship money, it’s lying. Information on scholarships is freely available to the public. Ask your librarian or school counselor.
- Telling students they’ve been selected as “finalists” for awards. If a company asks for an up-front fee, head for the nearest exit.
- Asking for a student’s checking account to “confirm eligibility.” If a company wants bank account information or your credit card number to confirm or reserve a scholarship, it’s a scam.
- Quoting a relatively small “monthly” or “weekly” fee, then asking for authorization to debit your checking account for an unspecified length of time. Ongoing fees are a sure sign of a scam.
- Unsolicited offers. Whether it’s an e-mail or phone call, or it arrives in your mailbox, if you didn’t request the information, ignore the offer.

provides information on preparing for and funding education beyond high school with details on the federal aid programs and how to apply for federal student aid. Another source of information on financial assistance is www.finaid.org. Both sites offer calculators to help you determine how much school will cost, how much you need to save, and how much aid you will need.

Many state governments have created programs to make it easier for families to save for their child’s education. Visit www.collegesavings.org for links to information on the various state programs, such as 529 plans.

STUDENT FINANCIAL AID

Student financial aid is available from a variety of sources, including the federal government, individual states, colleges and universities, and other public and private agencies and organizations.

FEDERAL STUDENT AID

- You can order many helpful publications at www.edpubs.gov, or by calling 1-800-433-3243.
- The U.S. Department of Education’s federal student aid website, www.studentaid.ed.gov.
- The U.S. Department of Labor’s *Occupational Outlook Handbook*, www.bls.gov/oco, provides information on various careers and their earning potential.
- The National Association of Student Financial Aid Administrators provides *Cash for College* with advice, tips, and information on financing your education at www.nasfaa.org.

The four basic types of college aid are:

- **Grants.** Gift aid that does not have to be repaid and is generally awarded according to financial need.
- **Work-Study.** The Federal Work-Study Program (FWS) is a federally funded source of financial assistance used to offset financial education costs. Students who qualify earn money by working while attending school. The money does not have to be repaid.
- **Loans.** Funds are borrowed and must be repaid with interest. As a general rule, federal student loans have more favorable terms and interest rates than traditional consumer loans.
- **Scholarships.** Offered by the school, local/community organizations, private institutions, and trusts. Scholarships do not have to be repaid and are generally awarded based on specific criteria.

Applying for Aid

You must complete and submit a *Free Application for Federal Student Aid (FAFSASM)* to apply for federal student aid. FAFSA on the WebSM is the quickest and easiest method of applying. Go to www.fafsa.gov to apply.

Federal Student Aid Information Center

The Federal Student Aid Information Center (FSAIC) can answer your federal student financial aid questions and can give you all the help you need for free. You can also use the FSAIC automated response system to find out whether your FAFSASM has been processed and to request a copy of your Student Aid Report (SAR). For FSAIC contact information, see page 97.

Federal Loan Program Repayment Information

- **Public Service Loan Forgiveness Program**—offers forgiveness for outstanding federal loans

COLLEGE ACCREDITATION

You can check a school’s accreditation with the Department of Education at www.ope.ed.gov/accreditation or search the Council for Higher Education Accreditation’s database at www.chea.org/search.

for individuals working full time in public service jobs.

- **Income-Based Repayment Plan**- helps to make repaying education loans more affordable for low-income borrowers.

Both programs offer generous benefits, but the rules may seem complex, so it is important to get all of the details. For more information on these programs as well as other repayment options:

- U.S. Department of Education/Federal Student Aid: www.studentaid.ed.gov/repaying.
- National Association of Student Financial Aid Administrators: www.nasfaa.org.

EMPLOYMENT



Times have changed for job searching, and numerous websites are now available that post jobs for private industry. Many companies also offer a way to apply online. However, these sites and new methods do not replace traditional and proven job-hunting approaches such as networking, personal contacts, business organizations, and interviewing.

EMPLOYMENT AGENCIES

If you're looking for a job, you may come across ads from employment agencies that promise wonderful opportunities. While some companies honestly want to help you, others are more interested in taking your money. Be wary of:

- Promises to get you a job and a guaranteed income.
- Up-front fees, even when you are guaranteed a refund if you are dissatisfied.
- Employment agencies whose ads read like job ads.
- Promotions of "previously undisclosed" government jobs. All federal jobs are announced to the public at www.usajobs.gov.

Get a copy of the employment agency contract and review it carefully before you pay any money. Check

with your local consumer protection agency (p. 112) and the Better Business Bureau (p. 66) to see whether any complaints have been filed about a company.

The Federal Trade Commission (p. 106) investigates businesses that fraudulently advertise employment openings and guarantee job placement. Contact the FTC if you have a complaint.

WORK-AT-HOME COMPANIES

Not all work-at-home opportunities deliver on their promises. Some classic work-at-home schemes are medical billing, envelope stuffing, and assembly or craftwork. Ads for these businesses say, "Be part of one of America's Fastest-Growing Industries. Earn thousands of dollars a month from your home!" Legitimate work-at-home program sponsors should tell you, in writing, what's involved in the program they are selling. Here are some questions you might ask a promoter:

- What tasks will I have to perform? (Ask the program sponsor to list every step of the job.)
- Will I be paid a salary, or will my pay be based on commission?
- Who will pay me?
- When will I get my first paycheck?
- What is the total cost of the work-at-home program, including supplies, equipment, and membership fees? What will I get for my money?

The answers to these questions may help you determine whether a work-at-home program is appropriate for your circumstances and whether it is legitimate.

Multi-Level Marketing

Some multi-level marketing plans are legitimate; however, others are illegal pyramid schemes. In pyramids, commissions are based on the number of distributors recruited. Most of the product sales are made to these distributors, not to consumers in general. The underlying goods and services, which vary from vitamins to car leases, serve only to make the schemes look legitimate. Most people end up with nothing to show for their money except the expensive products or marketing materials they were pressured to buy.

If you're thinking about joining what appears to be a legitimate multi-level marketing plan, take time to learn about the plan:

- What is the company's track record?
- What products does it sell?
- Does it sell products to the public at-large?
- Does it have the evidence to back up the claims it makes about its product?

BEFORE YOU APPLY FOR A JOB

Are you in the market for a new job? If so, remember that potential employers aren't just reading your resumé; they are also reviewing your social media profiles, blogs, pictures, and videos. In 2011, the FTC ruled that background investigation companies can keep your social media history for as long as seven years. Even if you clean up your profiles, companies can still have access to older content that you posted publicly. To err on the side of caution:

- Use the privacy settings to manage who has access to your profile.
- Refrain from making defamatory comments about current or past employers.
- Avoid making statements that are discriminatory or demonstrate intolerance.
- Untag yourself in pictures or posts that are inappropriate.

- Is the product competitively priced?
- Is it likely to appeal to a large customer base?
- How much does it cost to join the plan?
- Are monthly minimum sales required to earn a commission?
- Will you be required to recruit new distributors to earn your commission?

Net-Based Business Opportunities

The Federal Trade Commission says that many Internet business opportunities are scams that promise more than they can possibly deliver. The companies lure would-be entrepreneurs with false promises of big earnings for little effort. Some tips for finding a legitimate opportunity:

- Consider the promotion carefully.
- Study the business opportunity's franchise disclosure document.
- Get earnings claims in writing and compare them with the experience of previous franchise and business opportunity owners.
- Visit previous franchise and business opportunity owners in person, preferably at their places of business.
- Check out the company with the local consumer protection agency (p. 112) and Better Business Bureau (p. 66). See whether there have been any complaints.
- If the business opportunity involves selling products from well-known companies, verify the relationship with the legal department of the

company whose merchandise you would promote.

- Consult an attorney, accountant, or other business advisor before you put any money down or sign any papers.
- Take your time. Promoters of fraudulent business opportunities are likely to use high-pressure sales tactics to get you to buy in. If the business opportunity is legitimate, it will still be around when you're ready to decide.

UNEMPLOYMENT

The government's Unemployment Insurance Program provides benefits to eligible workers who become unemployed through no fault of their own and who meet other eligibility requirements. Each state administers its own program under federal guidelines. Eligibility requirements, benefit amounts, and length of benefits are determined by the states. For more information, go to www.dol.gov/dol/topic/unemployment-insurance/index.htm.

FOOD AND NUTRITION



HEALTHY FOOD CHOICES

To help you make healthy food choices, the federal government posts dietary guidelines at www.health.gov/dietaryguidelines. Federal regulations also require many foods to identify fat content, fiber, and nutrients on their labels.

FOOD SAFETY

Food safety in the home revolves around three main functions: food storage, food handling, and cooking. Most experts agree that practicing a few simple rules focused on cleaning, separating, cooking, and chilling can prevent most food-borne illness in the home. The website www.foodsafety.gov is your gateway to government food safety information, including publications you can download or request. You can also visit www.recalls.gov for the latest food safety alerts and recalls.

For more information, here are some additional resources:

- Centers for Disease Control and Prevention (p. 99).
- FDA's Food Information and Seafood Hotline, 1-888-SAFEFOOD (723-3366).
- Partnership for Food Safety Education at www.fightbac.org.
- American Cleaning Institute at www.cleaninginstitute.org.
- U.S. Department of Health and Human Services (p. 98).
- USDA Food Safety and Inspection Service, www.fsis.usda.gov.
- USDA Meat and Poultry Hotline, 1-888-674-6854.

GROCERY SHOPPING

As the cost of food continues to rise, it can be a challenge to make healthy food choices and stay within your food budget. Here are some tips to help you get the most from your grocery budget:

- Take an inventory of the food you already have in your home. Plan your meals for the week, keeping in mind what you already have in your pantry.
- Make a shopping list and stick to it.
- Eat BEFORE going to the grocery store to avoid making impulse purchases. When you are hungry, everything looks good.
- Compare unit prices (cost per ounce or pound) to determine if you are getting the best deal.
- Buy the generic store brand versions of foods.
- Take advantage of store loyalty savings programs, as well as clipping coupons and online discounts. Only take advantage of the deal if you know you will eat the discounted item. It's not a deal if the food goes to waste.
- Shop the perimeter of the store for nutrient dense foods. Processed and packaged foods tend to be more expensive.
- Visit your local farmer's market to find fresh produce. Arrive early to get the best selection or late to get the best deals. Fresh food spoils quickly so don't buy more than you can eat or freeze. Find your local farmers market at search.ams.usda.gov/farmersmarkets
- Shop for foods that are in season. When the supply is plentiful, the prices tend to be lower.
- Bring sturdy canvas bags and transport your food. Some stores offer discounts to customers for bringing their own bags.
- Reuse leftovers for lunch or casseroles.

For more grocery shopping tips visit www.extension.org and www.choosemyplate.gov.

FOOD FOR THOUGHT

Check out these resources for advice, tips, and information on food shopping and nutrition:

- U.S. Department of Agriculture (p. 96).
- U.S. Food and Drug Administration (p. 100).
- Nutrition.gov (www.nutrition.gov).
- MedlinePlus (click on F for Food or N for Nutrition at www.nlm.nih.gov/medlineplus).
- Center for Nutrition Policy and Promotion (www.choosemyplate.gov).

GOING GREEN



“Going Green,” a relatively new term, means practicing an environmentally friendly and ecologically responsible lifestyle as well as making decisions to help protect the environment and sustain natural resources. There are lots of reasons to consider going green—too much trash, greenhouse gases, air and water pollution, damage to the ozone layer, and saving money. For example, switching all the light bulbs in a home from conventional incandescent light bulbs to compact fluorescent light (CFL) bulbs could save about \$40 over the life of the bulb. Other examples include:

- Turning your thermostat down two degrees in winter and up two degrees in summer.
- Making sure your walls and ceilings are well insulated.
- Replacing bathroom and kitchen faucets with low-flow models.

BEWARE: GREEN MARKETING CLAIMS

You have probably seen products with labels claiming that they are “eco-friendly”, “all-natural”, or “made from recycled materials”. The challenge with these statements is that there is no clear definition of these terms. Here are some tips to help you sort through green marketing:

- Look for specific (ex. “contains 75% post-consumer recycled materials”) rather than vague statements about environmental impact.
- Determine whether the green marketing claims apply to the packaging, the product, or both.
- Beware of fake third-party certification. Visit Consumer Reports’ website www.greenerchoices.org/eco-labels to find reliable environmental labels.

For more information about environmental advertising, contact the FTC (p. 106).

BUYING GREEN

Buying environmentally friendly products is also an important step in going green. Many such products can be identified by the Energy Star Logo at www.energystar.gov or the Green Good Housekeeping Seal of Approval at www.goodhousekeeping.com/product-testing/history.

You can also choose to buy organic or locally produced food and eco-friendly clothing. For more information about national standards covering organic food, go to the U.S. Department of



Agriculture’s Agricultural Marketing Service at <http://www.ams.usda.gov/AMSV1.0/nop>. There are no

national standards for organic clothing, but some fabrics to consider include organic cotton, bark cloth, bamboo, and organic wool.

REUSING AND RECYCLING

Other good ways to go green include reusing products, instead of throwing them away, and recycling items made of materials such as glass, metal, plastic, or paper.

It is estimated that 75% of our waste is recyclable, and most of the U.S. population has access to curbside or recycling programs. It is easy to safely dispose of many products. Others, such as car batteries, cell phones, televisions, paints, oils, and solvents, require special handling. Many of these products can be donated or recycled through local government recycling centers and hazardous household item collection days, charitable

organizations, or even electronics retailers. For more information about safely disposing of products that contain hazardous ingredients, visit the Environmental Protection Agency’s (EPA) website: www.epa.gov/epawaste.

Many utility companies now offer curbside recycling programs that provide U.S. households with a responsible and convenient way to recycle materials. To locate information on recycling services and efforts in your area, call the Earth 911 toll free hotline, 1-800-CLEANUP (253-2687) or visit www.earth911.org.

HEALTH CARE



Thousands of resources are now available to help you make health care decisions. Be wary of websites sponsored by companies that are trying to sell you a particular treatment. It’s better to contact reputable associations or visit sites run by government agencies and recognized organizations such as the Mayo Clinic or the American Medical Association (AMA). This information should complement, not replace, what you receive from a doctor. Here are some sites that are generally recognized as reliable information sources:

- **HealthFinder.gov** and **MedlinePlus** (www.medlineplus.gov) provide information on health issues, health care programs, and organizations.
- **Mayo Clinic** (www.mayoclinic.com) and **American Medical Association** (www.ama-assn.org) offer an index of diseases and much more.
- **Medical Library Association** (www.mlanet.org) links to websites suggested by librarians.
- **National Institute of Mental Health** (www.nimh.nih.gov) provides information on

research about understanding and treating mental illness.

- **Substance Abuse and Mental Health Services Administration** (www.samhsa.gov) provides information on prevention, treatment, and recovery from substance abuse or mental health issues.

For information on health care plans or the 2010 Affordable Care Act, see page 28.

CHOOSING A DOCTOR

When searching for a primary care doctor, dentist, specialist, or other health care professional:

- Find out whether the health care professional is licensed in your state. A state or local occupational and professional licensing board will be able to give you this information.
- Research whether the health care professional is board-certified in the appropriate specialty. Visit www.ama-assn.org and www.abms.org for more information.
- Ask how often the health care professional has done the procedure you need and his or her success rate. You may be able to find some of this information on the Internet. For example, the Centers for Disease Control and Prevention (CDC) reports the success rates and number of procedures performed by fertility clinics at www.cdc.gov. Some states also collect and post data on the success of heart-bypass surgery.
- Check whether there have been any complaints or disciplinary actions taken. Visit www.docboard.org and www.healthcarechoices.org for more information.

There are also pay-for-use sites with similar information, including www.Docinfo.org and www.checkbook.org.

Visit www.healthfinder.gov for more advice on identifying providers.

Filing a Complaint

If you have a complaint about the medical services you received from a physician, you may file a complaint with your State Medical Board. For a complete directory from the Federation of State Medical Boards, visit www.fsmb.org/directory_smb.html. You can also call the Federation at 817-868-4000 get the phone number of your state medical board.

CHOOSING A HEALTH CARE FACILITY

Report cards on the Internet can help you compare health care facilities. Three private websites that rate hospitals based on information collected from Medicare records and other sources are www.usnews.com, www.checkbook.org, and www.healthgrades.com.

The Joint Commission (p. 145) accredits hospitals as well as nursing homes and other health care organizations. Specially trained investigators assess whether these organizations meet set standards. At www.jointcommission.org you can check on a local facility, including how it compares with others. The Joint Commission also accepts consumer complaints. You can post a complaint on its website.

If you are looking for a nursing home or other assisted-living facility, these organizations can help:

- Nursing Home Compare, operated by the U.S. Department of Health and Human Services, will help you compare the facilities in many states. Go to www.medicare.gov/nhcompare/home.asp or call 1-800-MEDICARE (633-4227).
- Eldercare Locator (www.eldercare.gov) provides information and referral services for those seeking local and state support resources for the elderly (p. 99).
- LeadingAge (www.leadingage.org) is a trade group that represents many nonprofit facilities that serve and support the elderly (p. 145).
- The Assisted Living Federation of America (www.alfa.org) represents both for-profit and nonprofit assisted-living facilities; call 703-894-1805 (p. 143).
- The Commission on Accreditation of Rehabilitation Facilities (www.carf.org) gives its seal of approval to qualifying facilities; call 1-888-281-6531 (p. 143).

Naming a Durable Power of Attorney for Health Care

A durable power of attorney for health care (sometimes called a durable medical power of attorney) specifies the person you've chosen to make medical decisions for you. It is activated when you're unconscious or unable to make medical decisions, or when you have otherwise specified. You need to choose someone who meets the legal requirements in your state for acting as your agent. State laws vary, but most states disqualify anyone

EXAMINE YOUR LOCAL MEDICAL FACILITIES

Get statistics on medical facilities at these sources:

- www.hcup.ahrq.gov is a free online query system that provides access to national-, regional-, and state-level health statistics and information.
- www.usa.gov offers information on health facilities in your area and health by age group.
- www.aha.org is the website of the American Hospital Association.

MEDICAL IDENTITY THEFT

Medical identity theft can occur when someone steals your personal information number to obtain medical care, buy medication, or submit fake claims to your insurer or Medicare in your name. In order to prevent medical identity theft, you can:

- Guard your Social Security, Medicare and health insurance identification numbers. Only give your number to your physician or other approved health care providers.
- Review your explanation of benefits or Medicare Summary Notice to make sure that the claims match the services you received. Report questionable charges to your health insurance provider or Medicare.
- Request and carefully review a copy of your medical records for inaccuracies and conditions that you don't have.

If you believe that you have been a victim of medical identity theft, file a complaint with the FTC at 1-877- 438-4338 or

<https://ftccomplaintassistant.gov>. If you suspect that you have been the victim of Medicare fraud, contact the Department of Health and Human Services' Inspector General at 1-800-447-8477 or by e-mail at HHSTips@oig.hhs.gov.

For more information about Medicare fraud, visit

www.stopmedicarefraud.gov.

under the age of 18, your health care provider, or employees of your health care provider.

The person you name as your agent must:

- Be willing to speak and advocate on your behalf.
- Be willing to deal with conflict among friends and family members, if it arises.
- Know you well and understand your wishes.
- Be willing to talk with you about these issues.
- Be someone you trust with your life.

PRESCRIPTION DRUGS

Pharmacies may charge widely different prices for the same medicine, so it is a good idea to comparison shop:

- Ask your physician and pharmacist whether a generic drug may be appropriate. Generics usually cost less than brand-name drugs. Many insurance companies use a multi-tier co-payment plan for prescription drugs. Be sure to ask before filling the prescription.
- Consider using a mail-order or online pharmacy, especially if you will be taking a drug for a long time; they often charge less.

An increasing number of consumers are replacing a trip to the pharmacy with a trip on the Internet. While there are online pharmacies that provide legitimate prescription services, there are also some

questionable sites that make buying medicines online risky. Do business only with a licensed U.S. pharmacy. Check with the National Association of Boards of Pharmacy to determine whether the site is licensed and in good standing. Visit www.nabp.net or call 847-391-4406.

An online pharmacy should offer you access to a registered pharmacist who can answer any questions you might have about drug interactions, side effects, and other safety precautions. Be wary of sites that:

- Sell medications without a prescription.
- Sell medications not approved by the FDA.
- Advertise quick cures.
- Tell stories of "amazing results."

If you suspect a site is not a licensed pharmacy, report it and any complaints to the Food and Drug Administration (p. 100) at www.fda.gov/Safety/ReportaProblem/ucm059315.htm.

Want to know the side effects of a particular medication? Curious whether a drug has been approved by the Food and Drug Administration? For answers to these questions and other information on approved prescription and over-the-counter and discontinued drugs, visit www.accessdata.fda.gov/scripts/cder/drugsatfda. For general drug information, you can also contact the FDA (p. 100).

MEDICARE PRESCRIPTION DRUG COVERAGE

Medicare offers prescription drug coverage to help you get the prescription drugs you need. Everyone with Medicare can join a drug plan to get this coverage. If you aren't sure whether a drug plan is approved by Medicare, call 1-800-MEDICARE (633-4227). Look for the "Medicare Approved" seal on drug discount cards to make sure you are getting the best deal.



Like other insurance, if you decide not to enroll in a drug plan when you are first eligible, you may pay a penalty if you choose to join later. If you have limited income and resources, you may get extra help to cover prescription drugs for little or no cost. For more information, contact the Centers for Medicare & Medicaid Services (p. 100).

HOUSING



The U.S. Department of Housing and Urban Development (HUD) funds housing counseling agencies throughout the country. These organizations can give you advice on buying a home, renting, defaults, foreclosures, credit issues, and reverse mortgages. To contact the agency nearest you, call 1-800-569-4287 or visit www.hud.gov. Homeowners with problems that could result in default of their mortgage or foreclosure on their property are encouraged to contact a HUD-approved housing counseling agency immediately.

If, in your housing search, you believe you are being discriminated against on the basis of your race, color, nationality, religion, sex, familial status, or disability, contact HUD's Office of Fair Housing and Equal Opportunity (p. 101).

BUYING A HOME

Buying a home is one of the most complex financial decisions you'll ever make. In addition to the financial and legal issues involved, real estate agents and lenders may not be acting in your best interest.

- Real estate agents represent the seller, not the buyer. Consider hiring a buyer's agent who works for you, not for the seller.
- Get prices on other homes. Knowing the price of other homes in a neighborhood will help you avoid paying too much.
- Have the property inspected. Use a licensed home inspector to carefully inspect the property before agreeing to buy it.

Mortgages

When shopping for a home mortgage, make sure you obtain all of the relevant information:

- Research current interest rates. Check the real estate section of your local newspaper, use the Internet, or call at least six lenders for information.
- Check the rates for 15-year, 20-year, and 30-year mortgages. You may be able to save thousands of dollars in interest charges by getting the shortest-term mortgage you can afford.
- Ask for details on the same loan amount, loan term, and type of loan from multiple lenders so that you can compare the information. Be sure to get the Annual Percentage Rate (APR), which takes into account not only the interest rate, but also points, broker fees, and other credit charges expressed as a yearly rate.
- Ask whether the rate is fixed or adjustable. The interest rate on adjustable-rate mortgages (ARMs) can vary a great deal over the lifetime of the mortgage. An increase of several percentage points might raise payments by hundreds of dollars per month.
- If a loan has an adjustable rate, ask when and how the rate and loan payment could change.
- Find out how much of a down payment is required. Some lenders require 20% of the home's purchase

BEFORE CHOOSING A LENDER, DO YOUR RESEARCH

- **Get recommendations:** Ask friends and family members for suggestions, especially if they've obtained a loan recently.
- **Check credentials:** Mortgage bankers are regulated by your state's department of banking or division of real estate. Check with the one appropriate to your state to see whether a lender is in good professional standing. Mortgage brokers may or may not be state regulated. If not, check with the local chapter of the Mortgage Bankers Association of America or the Better Business Bureau (p. 66) to see whether your mortgage banker's record is clean.
- **Do your homework:** Learn about typical mortgages and ask a question when something looks amiss; a broker may be trying to pad closing costs or other fees at your expense.
- **Be cautious online:** There are plenty of attractive deals online, but first make sure you're dealing with a reliable broker or lender.

price as a down payment. But many lenders now offer loans that require less. In these cases, you may be required to purchase private mortgage insurance (PMI) to protect the lender if you fall behind on payments.

- If PMI is required, ask what the total cost of the insurance will be. How much will the monthly mortgage payment be when the PMI premium is added, and how long you will be required to carry PMI?
- Ask whether you can pay off the loan early and whether there is a penalty for doing so.

There is a long list of sources for mortgages loans: mortgage banks, mortgage brokers, banks, thrifts and credit unions, home builders, real estate agencies, and Internet lenders.

For more information on home buying and mortgages, visit www.hud.gov. Other good sources include the Mortgage Bankers Association at www.homeloanlearningcenter.com and the National Association of Realtors at www.realtor.org.

Mortgage Transfers

CFPB rules help mortgage borrowers by requiring that mortgage companies notify them when their loans are transferred to another company. Before the new rules, if your loan was sold or transferred

from your current lender to a new lender, the new lender did not have to tell you that it acquired your loan. The new rules ensure that you know who owns your loan, which is important information if you have questions or payment disputes or want to discuss loan modifications.

Under the new rules, the company that takes over your loan must send you a notice within 30 days of acquiring it. Even with a new loan owner, the company that “services” or handles your loan might not change and you might continue to send your mortgage payments to the same address. If that loan servicer changes, you will receive a separate notice.

For more information about servicing companies, read the Federal Trade Commission’s publication, *Mortgage Servicing: Making Sure Your Payments Count* at www.ftc.gov/bcp/edu/pubs/consumer/homes/rea10.shtm.

AVOIDING FORECLOSURE

If you miss your mortgage payments, foreclosure may occur. This is the legal means your lender can use to repossess your home. If you owe more than your property is worth, a deficiency judgment is pursued. Both foreclosures and deficiency judgments have a negative impact on your future

Fixed-rate and adjustable-rate mortgages are the two main types of mortgages, but there is a wide variety of other mortgage products available. Below are pros and cons of some of the mortgage products you want to consider:

Type of Mortgage	Pros	Cons
Fixed-rate mortgage	No surprises. Interest rate stays the same over the entire term, usually 15, 20, or 30 years.	If interest rates fall, you could be stuck paying a higher rate.
Adjustable-rate (ARM) or variable-rate mortgage	Usually offers a lower initial rate of interest than fixed-rate loans.	After an initial period, rates fluctuate over the life of the loan. When interest rates rise, generally so do your loan payments.
FHA (Federal Housing Administration) loans	Allows buyers who may not qualify for a home loan to obtain one with a low down payment.	The size of your loan may be limited.
VA loan	Guaranteed loans for eligible veterans, active duty personnel, and surviving spouses. Offers competitive rates, low or no down payments.	The size of your loan may be limited.
Balloon mortgage	Usually a fixed-rate loan with relatively low payments for a fixed period.	After an initial period, the entire balance of the loan is due immediately. This type of loan may be risky for some borrowers.
Interest-only loan	Borrower pays only the interest on the loan in monthly payments for a fixed term.	After an initial period, the balance of the loan is due. This could mean higher payments, paying a lump sum, or refinancing.
Reverse mortgage	Allows seniors to convert equity in their homes to cash; you don’t have to pay back the loan and interest as long as you live in the house.	Subject to aggressive lending practices and false advertising promises, particularly by lenders that prey on seniors. Check to make sure the loan is Federally insured.

MORTGAGE REFINANCING

Consider refinancing your mortgage if you can get a rate that is at least one percentage point lower than your existing mortgage rate and if you plan to keep the new mortgage for several years. When comparing mortgages, don't forget to include the extra fees you must pay for the new mortgage. You may be able to get some fees waived if you are able to refinance with your current mortgage holder.

credit. You should avoid foreclosure if at all possible.

These steps can help:

- Do not ignore the letters from your lender. If you're having problems making your payments, call or write to your lender's Loss Mitigation Department immediately. Explain your situation. Be prepared to provide financial information, such as your monthly income and expenses. Without this information, the lender may not be able to help.
- Stay in your home for now. You may not qualify for assistance if you abandon your property. For example, the Hope for Homeowners program offers 30-year, fixed-rate mortgages only to owner-occupiers.
- Contact a HUD-approved housing counselor. Call 1-800-569-4287 or TDD 1-800-877-8339 for the housing counseling agency nearest you. These agencies are valuable resources.
- Contact Making Home Affordable for help. Call 1-888-995-4673 to talk to a HUD-approved credit counselor who will guide you through your options for free.

HUD counselors frequently have information on services and programs offered by government agencies as well as private and community organizations that could help you. The housing counseling agency may also offer credit counseling. These services are usually free of charge.

For more information, resources are available at the following agencies:

- The U.S. Department of Housing and Urban Development (p. 101).
- The Federal Trade Commission (p. 106).

Additional advice, resources, and tips for homeowners can be found under Home Equity Loans (p. 15), Insurance (p. 29), and Home Improvement and Repairs (p. 25).

MOVING COMPANIES

Not all moving companies are the same. Although many are legitimate, some attempt to take advantage

of their clients. Follow these guidelines to help you choose the right mover:

Get a written estimate from several movers. Be wary of very low estimates. Some companies use the low price to get a contract and later ask for more money before they will remove your belongings from their truck.

Make sure the mover has an operating license. For moves from one state to another, visit www.protectyourmove.gov to verify a mover's license. For moves within a state, check your state, county, or local consumer affairs agency (p. 112).

Make sure the mover has insurance. If furniture is damaged during the move, the mover's insurance should cover it. Ask how to file a complaint if there are limits to the coverage.

Check the mover's track record. Contact your state or local consumer protection agency (p.112) or Better Business Bureau (p. 66) to see whether there is a history of complaints.

If you have a dispute with a moving company, you can file a complaint with the Federal Motor Carrier Safety Administration by calling 1-800-832-5660 or by visiting www.fmcsa.dot.gov.

HOME IMPROVEMENT AND REPAIRS

Home improvements and repairs can cost thousands of dollars and are the subject of frequent complaints.

BEWARE OF FORECLOSURE RESCUE SCAMS—HELP IS FREE!

- Beware of anyone who asks you to pay a fee in exchange for a counseling service or modification of a delinquent loan.
- Scam artists often target homeowners who are struggling to meet their mortgage commitment or are anxious to sell their homes. Recognize and avoid common scams.
- Assistance from a HUD-approved housing counselor is free. Visit www.makinghomeaffordable.gov or call 1-800-569-4287.
- Beware of people who pressure you to sign papers immediately or who try to convince you that they can "save" your home if you sign or transfer the deed to your house over to them.
- Do not sign over the deed to your property to any organization or individual unless you are working directly with your mortgage company to forgive your debt.

MORTGAGE & FORECLOSURE SCAMS

- **Lease-back or rent-to-buy scams:** You are asked to transfer the title to your home “temporarily” to the scam artist who promises to obtain better financing for your mortgage and allow you to stay in your home as a renter with the option to purchase the home back. However, if you do not comply with the terms of the rent-to-buy agreement, you will lose your money and be evicted like any other tenant.
- **Fake “government” modification programs:** These scams claim to be affiliated with the government or require that you pay high fees in order to benefit from government modification programs. Remember that you do not have to pay any fees to participate in government-approved programs. Some frauds may even use words like “Federal” or “government-approved” or acquire website names that make consumers think they are associated with the government.

- **Refinance fraud:** The scam artist offers to be an intermediary between you and your mortgage lender to negotiate a loan modification. The scam artist may even instruct you to make payments directly to him or her, which the scammer will send to the lender. However, the scam artist will not forward the payments to your lender and you could still lose your home.
- **“Eliminate your debt” claims:** Some companies may make false legal claims that you are not required to repay your mortgage or that they know of “secret laws” that can eliminate your debt. Do not believe these claims.
- **Refinance scams:** You are encouraged to sign “foreclosure rescue” loan documents to refinance your loan. In reality, you have surrendered ownership of your home because the loan documents are actually deed transfer documents. You may falsely believe that your home has been saved from foreclosure until you receive an eviction notice months or even years later.

When selecting a contractor:

- Get recommendations and references. Talk to friends, family, and others who have used the contractor for similar work.
- Get at least three written estimates. Insist the contractors come to your home to evaluate what needs to be done. Be sure the estimates are based on the same work so that you can make meaningful comparisons.
- Check contractor complaint records with your state or local consumer protection agency (p. 112) or Better Business Bureau (p. 66).
- Make sure the contractor meets licensing and registration requirements. Your state or local consumer protection agency (p. 112) can help you find out what the necessary requirements are.
- Get the names of suppliers and ask them whether the contractor makes timely payments.
- Contact your local building inspection department to check for permit and inspection requirements. Be wary if the contractor asks you to get the permit; it could mean the firm is not licensed.
- Be sure your contractor is insured. The contractor should have personal liability, property damage, and workers’ compensation insurance for workers and subcontractors. Also check with your insurance company to find out whether you are covered for any injury or damage that might occur.
- Insist on a written contract that states exactly what work will be done, the quality of materials that will be used, warranties, timetables, the names of any subcontractors, the total price of the job, and the schedule of payments.

- Try to limit your down payment. Some states have laws limiting the amount of down payment required.
- Understand your payment options. Compare the cost of getting your own loan versus contractor financing.
- Don’t make a final payment or sign a final release until you are satisfied with the work and know that subcontractors and suppliers have been paid. Some state laws allow unpaid subcontractors and suppliers to put a lien on your home for bills the contractor failed to pay.
- Pay by credit card when you can. You may have the right to withhold payment to the credit card company until problems are corrected (see p. 11).

Be especially cautious if the contractor:

- Comes door-to-door or seeks you out.
- Just happens to have material left over from a recent job.
- Offers you discounts for finding other customers.
- Quotes a price that’s out of line with other estimates.
- Pressures you for an immediate decision.
- Can only be reached by leaving messages with an answering service.
- Drives an unmarked van.
- Has out-of-state license plates.
- Asks you to pay for the entire job up front.

With most home improvements, federal law gives you three business days to cancel without penalty. See 3-Day Cooling-Off Rule (p. 43). Of course, you would be liable for any benefit already received.

State laws may also provide some protection. And remember, if you finance home improvements with a home equity loan (p. 15) and don't make your payments, you could lose your home.

RENTING/LEASING

A lease is an agreement that outlines the obligations of the owner and the tenants of a house or apartment. It is a legally binding document that courts will generally uphold in legal proceedings, so it is important for you to know the exact terms of the lease agreement before you sign it. Some things to look for in a lease:

- Clauses that allow the landlord to change the terms of the lease after it is signed.
- Requirements/responsibilities of the tenants to do routine repairs such as lawn maintenance, cleaning, or notification about repairs.
- Restrictions that would prevent you from living normally or comfortably in the home.
- Term of the lease and any important dates such as when the rent is due or garbage pickup days.

Read the lease carefully and discuss anything you don't understand or any issues you might have. All landlord responsibilities should be clearly stated. Always get a copy of the signed lease to keep in your records. Any clause or terms in the agreement affects ALL parties who sign.

Tenants who lease or rent property are protected by the Fair Housing Act. If you think your rights have been violated, you may write a letter to or call the HUD office nearest you (p. 101). You have one year after the alleged violation to file a complaint with HUD, but you should file as soon as possible.

Each state has its own set of tenant rights, laws, and protections. For a state-by-state directory, visit www.hud.gov/local. You can also find available public housing at www.hud.gov. The agency (p. 101) offers several housing assistance programs for tenants and landlords as well as information on rights of residents and displaced tenants.

Ten Tips for Renters

1. The best way to win over a prospective landlord is to be prepared by bringing a completed rental application with you; written references from previous landlords, employers, friends, and colleagues; and a current copy of your credit report.
2. Carefully review all of the important conditions of the tenancy before you sign.
3. To avoid disputes or misunderstandings with your landlord, get everything in writing.
4. Ask about your privacy rights before you sign the lease.

MAKING HOME AFFORDABLE

The Making Home Affordable Program offers opportunities to modify or refinance your mortgage to make your monthly payments more affordable. It also includes the Home Affordable Foreclosure Alternatives Program for homeowners who are interested in a short sale or deed-in-lieu of foreclosure. Visit www.makinghomeaffordable.gov or call 1-888-995-HOPE (4673).

5. Know your rights to live in a habitable rental unit—and don't give them up.
6. Keep communication open with your landlord.
7. Purchase renters' insurance to cover your valuables.
8. Make sure the security deposit refund procedures are spelled out in your lease or rental agreement.
9. Learn whether your building and neighborhood are safe, and what you can expect your landlord to do if they aren't.
10. Know when to fight an eviction notice and when to move. Unless you have the law and provable facts on your side, fighting an eviction notice is usually shortsighted.

INSURANCE



General sources of insurance information include the American Council of Life Insurers (p. 142), the Insurance Information Institute (p. 144), the National Association of Insurance Commissioners (p. 145), and your state insurance department (p. 130). You can also visit www.insure.com.

When buying insurance, whether it's home, life, auto, rental, or other:

- Find out whether your state insurance department (p. 130) offers any information concerning insurance companies and rates. This is a good

way to get a feeling for the range of prices and the lowest-cost providers in your area.

- Check several sources for the best deal. Try getting quotes online, but be aware that many online services may provide prices for just a few companies. An independent insurance agent who works with several insurers in your local area may be able to get you a better deal.
- Make sure the insurance company is licensed and covered by the state's guaranty fund. The fund pays claims in case the company defaults. Your state insurance department (p. 130) can provide this information.
- Check the financial stability and soundness of the insurance company. Ratings from A.M. Best (www.ambest.com), Standard & Poor's (www.standardandpoors.com), and Moody's Investors Services (www.moody.com) are available online and at most public libraries.
- Research the complaint record of the company. Contact your state insurance department (p. 130), or visit the website of the National Association of Insurance Commissioners (www.naic.org), which has a database of complaints filed with state regulators.
- Find out what others think about the company's customer service. Consumers can rate homeowner insurance companies at www.jdpower.com/insurance.
- Once you pay your first insurance premium, make sure you receive a written policy. This tells you that the agent forwarded your premium to the insurance company. If you don't receive a policy within 60 days, contact your agent and the insurance company.

If you suspect fraud, call the National Insurance Crime Bureau's hotline at 1-800-835-6422. For more information, check out www.insurancefraud.org.

AUTO INSURANCE

The requirements for auto insurance vary from state to state. Check with your state insurance regulator (p. 130) to learn more about individual requirements as well as insurers you may be considering for your policy.

To get the best coverage at the best price, get several quotes from insurance companies. It may save you hundreds of dollars a year. Other ways to reduce your insurance premium are:

- Raise your deductible on collision and comprehensive coverage. If you have an older car, you might want to drop this coverage altogether.
- Take advantage of discounts. You may be eligible for a discount based on the number of miles you drive; your age (turning 25 or 50); your good

grades if you are a student; your driving record (no moving vehicle violations or accidents in three years); or if you've taken a safe-driving course. You might also be able to get discounts if you insure more than one vehicle, insure your vehicle and your home with the same company, have anti-theft devices, or have safety features such as air bags or anti-lock brake system.

You can also find valuable information about car ownership in the Cars section (p. 6).

DISABILITY INSURANCE

Disability can be more disastrous financially than death. If you are disabled, you lose your earning power, but you still have living expenses and often huge expenses for medical care. When purchasing disability insurance, ask:

- **How is disability defined?** Some policies consider you disabled if you are unable to perform the duties of any job. Better plans pay benefits if you are unable to do the usual duties of your own occupation.
- **When do benefits begin?** Most plans have a waiting period after an illness before payments begin.
- **How long do benefits last?** After the waiting period, payments are usually available until you reach age 65, though shorter or longer terms are also available.
- **What dollar amount is promised?** Can benefits be reduced by Social Security disability and workers' compensation payments? Are the benefits adjusted for inflation? Will the policy provider continue making contributions to your pension plan so you have retirement benefits when the disability coverage ends?

For more information on disability insurance, visit www.iii.org and www.ahip.org.

HEALTH INSURANCE

More Coverage, More Choices

The 2010 Affordable Care Act puts in place comprehensive health insurance reforms that will roll out over several years. Some new provisions are already in place; most changes will take effect by 2014. The law puts into place comprehensive health insurance reforms that will hold insurance companies more accountable and will lower health care costs, guarantee more health care choices, and enhance the quality of health care for all Americans. Major provisions affecting consumers include:

- Coverage for seniors who hit the Medicare Prescription Drug "donut hole," including a rebate for those who reach the gap in drug coverage;
- Expanded coverage for young adults, allowing



them to stay on their parents' plan until they turn 26 years old;

- Small-business tax credits to help these companies provide insurance coverage to their workers; and
- Providing access to insurance for uninsured Americans with pre-existing conditions.

For more information about the law, go to www.healthcare.gov.

Group Policies

Many consumers have health care coverage from their employers. Others have medical care paid through a government program such as Medicare (p. 100), Medicaid (p. 100), or the Veterans Health Administration (p. 104).

If you have lost your group coverage from an employer as the result of unemployment, death, divorce, or loss of "dependent child" status, you may be able to continue your coverage temporarily under the Consolidated Omnibus Budget Reconciliation Act (COBRA). You, not the employer, pay for this coverage. When one of these events occurs, you must be given at least 60 days to decide whether you wish to purchase the coverage.

Some states offer an insurance pool to residents who are unable to obtain coverage because of a health condition. To find out if a pool is available in your state, check with your state department of insurance (p. 130).

Most states also offer free or low-cost coverage for children who do not have health insurance. Visit www.insurekidsnow.gov or call 1-877-KIDS-NOW (543-7669) for more information.

HEALTH CARE PLANS

When purchasing health insurance, your choices will typically fall into one of three categories:

- **Traditional** fee-for-service health insurance

MEDICARE BENEFICIARIES

Medicare beneficiaries can compare HMO programs at www.medicare.gov and www.medicarenewswatch.com.

plans are usually the most expensive choice, but they offer you the most flexibility when choosing health care providers.

- **Health Maintenance Organizations (HMOs)** offer lower co-payments and cover the costs of more preventive care, but your choice of health care providers is limited. The National Committee for Quality Assurance evaluates and accredits HMOs. You can find out whether one is accredited in your state by calling 1-888-275-7585. You can also get this information, as well as report cards on HMOs, by visiting www.ncqa.org.
- **Preferred Provider Organizations (PPOs)** offer lower co-payments like HMOs, but give you more flexibility when selecting a provider. A PPO gives you a list of providers you can choose from.

WARNING: If you go outside the HMO or PPO network of providers, you may have to pay a portion or all of the costs.

When choosing among different health care plans, you'll need to read the fine print and ask lots of questions, such as:

- Do I have the right to go to any doctor, hospital, clinic, or pharmacy I choose?
- Are specialists such as eye doctors and dentists covered?
- Does the plan cover special conditions or treatments such as pregnancy, psychiatric care, and physical therapy?
- Does the plan cover home care or nursing home care?
- Will the plan cover all medications my physician may prescribe?
- What are the deductibles? Are there any co-payments?
- What is the most I will have to pay out of my own pocket to cover expenses?
- If there is a dispute about a bill or service, how is it handled? In some plans, you may be required to have a third party decide how to settle the problem.

HOMEOWNERS'/RENTERS' INSURANCE

You may be able to save hundreds of dollars a year on homeowners' insurance by shopping around. You can also save money by following these tips:

- Consider a higher deductible. Increasing your

deductible by just a few hundred dollars can make a big difference in your premiums.

- Ask your insurance agent about discounts. You may be able to get a lower premium if your home has safety features such as dead-bolt locks, smoke detectors, an alarm system, storm shutters, or fire-retardant roofing material. Persons over 55 years of age or long-term customers may also be offered discounts.
- Insure your house, NOT the land under it. After a disaster, the land is still there. If you don't subtract the value of the land when deciding how much homeowners' insurance to buy, you will pay more than you should.
- Don't wait until you have a loss to find out whether you have the right type and amount of insurance.
- Make certain you purchase enough coverage to replace what is insured. "Replacement" coverage gives you the money to rebuild your home and replace its contents. An "Actual Cash Value" policy is cheaper but pays the difference between your property's worth at the time of loss minus depreciation for age and wear.
- Ask about any special coverage you might need. You may have to pay extra for computers, cameras, jewelry, art, antiques, musical instruments, stamp collections, etc.
- Remember that flood and earthquake damage are not covered by a standard homeowners' policy. The cost of a separate earthquake policy will depend on the likelihood of earthquakes in your area. Homeowners who live in areas prone to flooding should take advantage of the National Flood Insurance Program (p. 101).
- If you are a renter, do not assume your landlord carries insurance on your personal belongings. Purchase a separate policy for renters.

LIFE INSURANCE

Your need for life insurance will change with changes in your life. For example, the arrival of children usually triggers a sharp increase in the amount you will need. As children grow older and leave the nest, you will probably need less protection.

Term life insurance policies are the least costly. They pay death benefits but have no cash value if you decide to stop making payments. As the word "term" suggests, these policies are in effect for a specific period—one year, or until you reach a certain age are common. Visit www.acququote.com for online comparisons of term life insurance.

Whole life, universal life, and other cash value policies combine a long-term savings and investment product with life insurance. Canceling

these policies after only a few years can more than double your life insurance costs.

LONG-TERM CARE INSURANCE

Medical advances have resulted in an increased need for nursing home care and assisted living. Most health insurance plans and Medicare severely limit or exclude long-term care. Here are some questions to ask when considering a separate long-term care insurance policy:

- **What qualifies you for benefits?** Some insurers say you must be unable to perform a specific number of the following activities of daily living: eating, walking, getting from bed to a chair, dressing, bathing, using the restroom, and remaining continent.
- **What type of care is covered?** Does the policy cover nursing home care? What about coverage for assisted-living facilities that provide less client care than a nursing home? If you want to stay in your home, will it pay for care provided by visiting nurses and therapists? What about help with food preparation and housecleaning?
- **What will the benefit amount be?** Most plans are written to provide a specific dollar benefit per day. The benefit for home care is usually about half the nursing home benefit, but some policies pay the same for both forms of care. Other plans pay only for your actual expenses.
- **What is the benefit period?** It is possible to get a policy with lifetime benefits, but this can be very expensive. Other options for coverage are from one to six years. The average nursing home stay is about 2.5 years.
- **Is the benefit adjusted for inflation?** If you buy a policy prior to age 60, you face the risk that a fixed daily benefit will not be enough by the time you need it.
- **Is there a waiting period before benefits begin?** A 20- to 100-day period is not unusual.

OTHER INSURANCE

- **Travel Insurance.** There are four kinds of travel insurance: Travel Cancellation Insurance, Baggage or Personal Effects Coverage, Emergency Medical Coverage, and Accidental Death. One helpful website is www.insuremytrip.com. See page 47 for additional insight on travel concerns and problems.
- **Identity Theft Insurance.** This type of insurance provides reimbursement to crime victims for the cost of restoring their identity and repairing credit reports. Some companies now include this as part of their homeowners' insurance policy. Others sell it as a stand-alone policy. Ask your homeowner policy company for information.

- **International Health Care Insurance.** A policy that provides health coverage no matter where you are in the world. The policy term is flexible so you can purchase it only for the time you will be out of the country. Contact your current health care provider for coverage information.
- **Liability Insurance.** Insurance for what the policyholder is legally obligated to pay because of bodily injury or property damage caused to another person. Search online or ask your personal insurance agent for more information.
- **Umbrella Insurance.** A policy that supplements the insurance you already have for home, auto, and other personal property. Umbrella insurance can help cover costs that exceed the limits of other policies.

INTERNET



CHOOSING SERVICE PROVIDERS

To connect your computer to the Internet, you'll need an Internet Service Provider (ISP). Some ISPs are large and well known, while others are literally one-person operations. Some companies limit their service to providing Internet access only. Others, such as a telephone or cable company, may offer Internet access as part of a larger package of services. You may also have access to fiber-optic service in your community. It is important to compare service providers and options to make sure you are getting what you want and the best deal possible to meet your needs.

If you have limited Internet expertise, you may want to start with one of the well-known ISPs. They usually offer user-friendly startup software. This software often includes features such as a browser, instant messaging, parental controls, and pop-up blockers. Many also offer 24-hour tech support. Of course, all of this convenience results in higher monthly user fees. Once you are comfortable with how the Internet works, you may decide you don't need the "extras" and can switch to a lower-cost ISP.

Whatever your present level of expertise, you will want to consider these factors when selecting a provider:

- **Speed.** If all you want to do is check e-mail and read web pages, a dial-up connection may be enough. But most people also want to download music or television shows or watch videos. For these, you will need a faster connection with broadband access, such as a digital subscriber line (DSL), a cable modem, or satellite.
- **Availability.** For dial-up service, is there a local phone number or a toll free number for access?
- **Wireless access.** Can you get a wireless connection for other computers in your home?
- **E-mail.** How many e-mail accounts come with the service? What will be the storage limit on your mailbox? How many days does the ISP keep your mail before deleting it?
- **Website space.** Do you want to create a personal website? If so, find out whether your provider offers web space and software to create your page.
- **Software.** Is any software required to activate the service? How do you get it? What is the capacity of this software? Can you use whatever browser or e-mail program you'd like?

BUNDLING AND OTHER PROMOTIONS

Do you want to get Internet, telephone, and TV service from the same provider? Buying a bundle of services from one provider can be a good deal, but it could make it more difficult to change providers for any one service if you're tied into a long-term contract.

Special promotions such as introductory pricing may be enticing, but read the fine print. The promotion price probably does not include taxes or the cost of extra equipment or fees. Ask the provider to explain all the one-time, recurring, and special charges, including taxes and fees. Get all promises in writing. Ask when the special promotions end and what the post-promotion cost will be. Also find out whether you have to install any special equipment and whether the provider will help troubleshoot on the phone if you have any problems.

Some deals are available only online or by phone. Even if you have to order online, call the provider first to ask questions. When you are online, review any frequently asked questions, minimum system requirements, and fine-print terms and conditions. Read the entire customer service agreement and print a copy for your records. For more information, go to www.ftc.gov/bcp/consumer.shtml. For help deciding on the best values from Internet, telephone, and TV service providers; filing a complaint; or learning more about consumer protections, go to www.reboot.fcc.gov/consumers.

PROTECTING CHILDREN ONLINE



The Children's Online Privacy Protection Act requires commercial websites to obtain parental consent before collecting, using, or disclosing personal information from children under age 13. For more information, contact the FTC (p. 106) or visit www.ftc.gov.

- **Support.** What kinds of support are available—phone, e-mail, chat, etc.? What are the hours of support? Are there any additional charges for support?
- **Special features.** What services are provided for spam blocking, virus protection, instant messaging, and chat rooms?
- **Terms of service.** Is there a limit to the number of hours per month you can use the service?
- **Cost.** What is the monthly fee for the service? Are there any additional equipment or set-up fees?

WIRELESS COMPUTING

Going wireless provides you with freedom to use your computer in multiple locations, without dragging cables and cords with you. However, the privilege of increased freedom comes with the danger of increased vulnerability. Wireless internet requires that you have access to a wireless network via a wireless router. It is important that you secure your network so that strangers can't use your network without your knowledge (also known as "piggybacking"). In addition, computer hackers could use your network to access personal information you save or send from your computer. This is particularly important if you conduct financial transactions online. These reasons highlight the importance of taking steps to secure your wireless network. If you use the wireless ("Wi-Fi") network at bookstores, airports or other public places, there are other precautions you should take to protect your privacy.

At home:

- **Turn on encryption.** When you buy a wireless router, it is important to turn on the encryption feature. This scrambles information that you send over the Internet so that other people cannot access it.
- **Rename your router.** Change the name from the default to something only you would know.

- **Change the password.** Routers come with a standard password. Create a new smart one with a mix of letters, numbers, and special characters. For help creating passwords, see page 41.
 - Turn off your router when you are not using it.
- On public wireless networks:
- **Don't assume that the network is secure.** Most public wireless networks don't encrypt information you send. Avoid sending private information from public locations.
 - **Use encrypted websites.** If you must send sensitive information from a public network, make certain that URL starts with "https" ("s" means secure). Look for that on every page you visit.
 - **Log out** of sites after you finish using them rather than using "remember me" features. It is better to deal with the hassle of logging in again than giving away your login credentials to someone else on the network.

For more information about wireless computing visit www.onguardonline.gov.

ONLINE FILE SHARING

Every day, millions of computer users share files online. Whether it's music, games, video, or software, peer-to-peer (P2P) file sharing allows users to share all kinds of content. To share files, you download special software that connects your computer to an informal network of other computers running the same software. The software is often free and easy to access.

However, file sharing can have a number of risks. For example, when you are connected to file sharing programs, you could unknowingly allow others to copy private files you never intended to share. You could download material that is protected by copyright laws and find yourself mired in legal issues; you could download a virus or facilitate a security breach; or you could unwittingly download pornography labeled as something else.

BEWARE: SCAREWARE

If you've ever received a "security alert" stating that malicious software was found on your computer it may have been scareware. These messages will persuade you that your computer is infected with a virus that you can only eliminate by purchasing and installing specific software. Don't follow that advice; shut down your browser without clicking in the message. If you believe that your computer is infected, you should run a scan using a known anti-virus software. For more information about scareware and protecting your computer, visit www.onguardonline.gov.

SOCIAL NETWORKING

Social networking sites such as Facebook, Twitter, LinkedIn, craigslist, and others continue to gain popularity. These sites make it easy to re-connect, stay in touch, and even do business. But recent reports involving privacy concerns and crimes should make users more careful about the information they share. Some tips to consider to protect your privacy and safety include:

- Make your contact information private.
- Limit who can search your profile from Internet search engines.
- Manage who can view your images; untag photos if necessary.
- Create separate lists to manage who can see the information you've posted.
- Be careful about who can see your status updates.
- Refrain from telling people where you are at any specific time.
- Be cautious about arranging meetings in person with online acquaintances.

For more information go to:

- Federal Communications Commission: www.reboot.fcc.gov/consumers
- Federal Trade Commission: www.onguardonline.gov
- GetNetWise: www.getnetwise.org
- Internet Keep Safe Coalition: www.ikeepsafe.org
- i-SAFE: www.i-safe.org
- National Center for Missing & Exploited Children: www.missingkids.com.
- National Crime Prevention Council: www.ncpc.org; www.mcgruff.org
- National Cyber Security Alliance: www.staysafeonline.org
- Wired Safety: www.wiredsafety.org

To file a complaint about fraudulent, deceptive, or unfair business practices, or for additional information, visit www.ftc.gov or call 1-877-382-4357; TTY: 1-866-653-4261.

See page 51 for tips to write a social media will.

To secure the personal information stored on your computer, the FTC suggests that you:

- Set up the file-sharing software very carefully.
- Be aware of spyware. Use a good anti-spyware program.
- Close your connection when you're not using it.
- Use an effective anti-virus program and update it regularly.
- Talk with your family about file sharing.

For more information on P2P, visit www.onguardonline.gov.

ONLINE COPYRIGHT ISSUES

Quite simply, it's illegal to make or download unauthorized copies of software. Whether you are casually making a few copies for friends, lending disks, distributing and/or downloading pirated software via the Internet, or buying a single software program and then installing it on 100 computers, you are committing a copyright infringement. It doesn't matter whether you make money doing it or not. If you or your company is caught copying software, you may be held liable under both civil and criminal law.

If the copyright owner brings a civil action against you, the owner can seek to stop you from using its software immediately and can also request monetary damages. The copyright owner can sue

for as much as \$150,000 for each program copied. In addition, the government can prosecute you criminally for copyright infringement. If convicted, you can be fined up to \$250,000, or sentenced to jail for up to five years, or both.

For more information, visit www.cybercrime.gov, a site sponsored by the U.S. Department of Justice (p. 102), or www.bsa.org, a site on online piracy issues managed by the Business Software Alliance.

PREVENTING ONLINE FRAUD

The Internet gives you easy access to information, entertainment, financial offers, and countless other services. The flip side, however, is that it can leave you vulnerable to online scammers, identity thieves, and criminals. To guard against Internet fraud, follow these tips:

- **Know your seller.** If you don't, do some research.
- **Company websites** often provide information in a section called "About Us." Some online sellers participate in programs, such as *BBBOnLine*, that help resolve problems. Look for a logo or endorsement seal on the company website; this is an indication, but not a guarantee, of the seller's reliability.
- **Check with state** and/or local consumer offices.
- Another way to check online sellers is to look for **other consumers' comments**. Some Internet auction sites post ratings of sellers based on

comments from buyers. Beware of too many glowing stories that might have been placed by sellers themselves.

- **Protect your personal information.** Don't provide it in response to an e-mail, a pop-up, or a website you've linked to from an e-mail or web page.
- **Take your time** and resist any urge to "act now" to keep your account open or take advantage of a special offer.
- **Use anti-virus and anti-spyware software**, as well as a firewall, and update them all regularly. Make sure your operating system and web browser are set up properly, and update them regularly as well.
- **Protect your passwords.** Don't share your passwords with anyone. Memorize them.
- **Back up important files.** Copy them onto another computer or a removable hard drive such as a flash memory stick.

Learn whom to contact if something goes wrong online. Report suspected fraud to your bank, credit card company, or relevant authority.

The FTC (p. 106) provides tips to help secure your computer, guard against Internet fraud, and protect your personal information. Visit www.onguardonline.gov for more information.

To keep up to date with the latest computer threats, sign up for alerts from the Department of Homeland Security at www.uscert.gov.

Here are some other sources on protecting yourself and your family while using the Internet:

- **GetNetWise** (www.getnetwise.org) is a public service sponsored by Internet industry corporations and public interest organizations to help ensure that Internet users have safe, constructive, and educational or entertaining online experiences.
- **Internet Keep Safe Coalition** (www.ikeepSAFE.org) is a coalition of governors/first spouses, law enforcement, the American Medical Association, the American Academy of Pediatrics, and other associations dedicated to helping parents, educators, and caregivers by providing tools and guidelines to teach children the safe and healthy use of technology.
- **National Cyber Security Alliance** (www.staysafeonline.org) is a nonprofit organization that provides tools and resources to empower home users, small businesses, and schools, colleges, and universities to stay safe online.
- **Staysafe** (www.staysafe.org) is an educational site intended to help consumers understand the positive aspects of the Internet and how to

manage a variety of safety and security issues that exist online.

- **Wired Safety** (www.wiredsafety.org) is an Internet safety and help group comprised of unpaid volunteers around the world that provides education, assistance, and awareness on all aspects of cybercrime and abuse, privacy, security, and responsible technology use. Wired Safety is the parent group of www.teenangels.org, FBI-trained teens and preteens who promote Internet safety.

Phishing Continues to Be a Problem

"Phishing" is the use of fraudulent e-mail designed to steal identities as well as vital personal information such as credit card numbers, bank account PINs, and passwords. Phishing e-mails often ask you to verify this type of information. Legitimate companies never ask for your password or account number via e-mail. If you're not sure, call the company directly.

Don't Take the Bait

Don't reply to e-mail messages that claim your credit card information or other personal information needs to be updated. They may even threaten to disable your account. Don't believe it!

SPAM

E-mail spam is not just unwanted; it can be offensive. Pornographic spam causes many consumer complaints. Decrease the number of spam e-mails you receive by making it difficult for spammers to get and use your e-mail address:

- Don't use an obvious e-mail address, such as `JaneDoe@isp.com`. Instead use numbers or other digits, such as `Jane4oe6@isp.com`.
- Use one e-mail address for close friends and family and another for everyone else. Free addresses are available from Yahoo!, Gmail, and Hotmail. You can also get a disposable forwarding address from www.spammotel.com. If an address attracts too much spam, get rid of it and establish a new one.
- Don't post your e-mail address on a public web page. Spammers use software that harvests text addresses. Substitute "janedoe at isp.com" for the "janedoe@isp.com," or display your address as a graphic image, not text.
- Don't enter your address on a website before you check its privacy policy.
- Uncheck any checked boxes. These often grant the site or its partners permission to contact you.
- Don't click on an e-mail's "unsubscribe" link unless you trust the sender. This action tells the sender you are there.

- Never forward chain letters, petitions, or virus warnings. All could be a spammer's trick to collect addresses.
- Disable your e-mail "preview pane." This stops spam from reporting to its sender that you've received it.
- Choose an Internet Service Provider (ISP) that filters e-mail. If you get lots of spam, your ISP may not be filtering effectively.
- Use spam-blocking software. Web browser software often includes free filtering options. You can also purchase special software that will accomplish this task.
- Report spam. Alert your ISP that spam is slipping through its filters. The Federal Trade Commission also wants to know about "unsolicited commercial e-mail." Forward spam to spam@uce.gov. For more information, visit www.ftc.gov/spam.

certificates of deposit (CDs), or IRAs, often restrict your ability to cash out your holdings.

- **What can you expect to earn on your money?** While bonds generally promise a fixed return, earnings on most other securities go up and down with market changes. Keep in mind that just because an investment has done well in the past, there is no guarantee it will do well in the future.
- **What type of earnings can you expect?** Will you get income in the form of interest, dividends, or rent? Some investments, such as stocks and real estate, have the potential for earnings and growth in value. What is the potential for earnings over time?
- **How much risk is involved?** With any investment, there is always the risk that you won't get your money back or the earnings promised. There is usually a trade-off between risk and reward—the higher the potential return, the greater the risk. The Federal government insures bank savings accounts and backs up U.S. Treasury securities (including savings bonds). See FDIC on page 106 and the chart on page 5 for regulatory information. Other investment options are not protected.
- **Are your investments diversified?** Some investments perform better than others in certain situations. For example, when interest rates go

INVESTING



If you have a financial goal in mind, such as saving for retirement, paying for college, or buying a new house, then you have some homework to do before you invest your money. What is your tolerance for risk? What do you want to invest in: stocks, bonds, mutual funds? Do you want to open an IRA or buy an annuity? Does your employer offer a 401(k)? You must investigate before you invest—and remember, every investment involves some degree of risk. Most securities are not insured by the Federal government if they lose money or fail, even if you purchase them through a bank or credit union that offers Federally insured savings accounts. Make sure you have answers to all of these questions before you invest:

- **How quickly can you get your money back?** Stocks, bonds, and shares in mutual funds usually can be sold at any time, but there is no guarantee you will get back all the money you paid for them. Other investments, such as limited partnerships,

BEWARE: INVESTMENT FRAUD

Deceptive pitches for investments often misrepresent or leave out facts in order to promote fantastic profits with little risk. No investment is risk-free, and a high rate of return means greater risk. Before investing, get written information such as a prospectus or annual report. Beware if a salesperson:

- Encourages you to borrow money or cash in retirement funds to invest.
- Pressures you to invest immediately.
- Promises quick profits.
- Says the disclosure documents required by Federal law are just a formality.
- Tells you to write false information on your account form.
- Sends material with typos or misspellings or not printed on letterhead.
- Does not send your money promptly.
- Offers to share inside information.
- Uses words such as "guarantee," "high return," "limited offer," or "as safe as a CD."
- Uses the phrase, "this investment is IRA-approved."
- Claims that "off-shore investments are tax-free and confidential."

up, bond prices tend to go down. One industry may struggle while another prospers. Putting your money in a variety of investment options can help to reduce your risk.

- **Are there any tax advantages to a particular investment?** U.S. Savings Bonds are exempt from state and local taxes. Municipal bonds are exempt from Federal income tax and, sometimes, state income tax as well. For special goals, such as paying for college and retirement, tax-deferred investments are available that let you postpone or even eliminate paying income taxes.

For more information about investing, check out the Securities and Exchange Commission's (SEC) website: www.investor.gov. Be sure to note specific tips at <http://investor.gov/avoid-fraud/get-the-facts-the-secs-roadmap-to-saving-and-investing>. The SEC requires public companies to disclose financial and other information to help you make sound decisions. View the text of these files at www.sec.gov/edgar.shtml, or call the SEC toll free Investor Information Service at 1-800-732-0330 to obtain free publications and investor alerts, or to learn how to file a complaint.

The Financial Industry Regulatory Authority (FINRA) also provides up-to-date market data and information for a wide range of stocks, bonds,

mutual funds, and other securities through its Market Data Center at www.finra.org/marketdata.

The following companies rate the financial condition of corporations and municipalities issuing bonds. Their ratings are available online and at many public libraries:

- Standard & Poor's (www.standardandpoors.com)
- Moody's Investors Services (www.moody.com)

For ratings of mutual funds, consult personal finance magazines such as *Kiplinger's Personal Finance*, *Money*, *Consumer Reports*, *Smart Money*, and *Worth*. To compare expenses, use the Financial Industry Regulatory Authority (FINRA) Mutual Fund Expense Analyzer at <https://apps.finra.org/fundalyzer/1/fa.aspx>.

ONLINE TRADING

Stocks can now be bought and sold with a mouse click from a wide range of online brokers, often with low transaction fees. However, the price of some stocks can instantly go from high to low. Online trading is quick and easy, but online investing takes time. Before you trade, ask questions and learn how to limit losses in this fast-moving marketplace by:

- Knowing what you're buying.
- Understanding why you're buying or selling.

Type of Investment	What is It?	Risk Level
Traditional IRA	Traditional IRA is a personal savings plan that gives tax advantages for savings for retirement. Investments may include variety of securities. Contributions may be tax-deductible; earnings are not taxed until distributed.	Risk levels vary according to the holdings in the IRA.
Roth IRA	A personal savings plan where earnings that remain in the account are not taxed. Investments may include a variety of securities. Contributions are not tax-deductible.	Risk levels vary according to the holdings in the IRA.
Money Market Funds	Mutual funds that invest in short-term bonds. Usually pay better interest rates than a savings account but not as much as a certificate of deposit (CD).	Low risk.
Bonds and Bond Funds	Also known as fixed-income securities because the income they pay is fixed when the bond is sold. Bonds and bond funds invest in corporate or government debt obligations.	Low risk.
Index Funds	Invest in a particular market index such as the S&P 500 or the Russell 2000. An index fund is managed passively and mirrors the performance of the designated stock or bond index.	Risk level depends on which index the fund uses. A bond index fund involves a lower risk level than an index fund of emerging markets overseas.
Stocks	Stocks represent a share of a company. As the company's value rises or falls, so does the value of the stock.	Medium to high risk.
Mutual Funds	Invest in a variety of securities, which may include stocks, bonds, and/ or money market securities. Costs and objectives vary.	Risk levels vary according to the holdings in the mutual fund.

- Being aware of how quickly trading changes during fast markets.

FINANCIAL BROKERS AND ADVISORS

When selecting a broker or investment advisor, research the person's education and professional history as well as the firm the person works for. Ask:

- Has the person worked with others who have circumstances similar to yours?
- Is the person licensed in your state? Your state securities regulator (p. 134) lists individuals and firms that are registered in your state. Ask if the regulatory office has any other background information. You can find out how to reach your state securities regulator by visiting www.nasaa.org.
- Has the person had any run-ins with regulators or received serious complaints from investors? Call your local state securities regulator or the SEC (p. 107). You can also check out www.finra.org/brokercheck or call FINRA at 1-800-289-9999 to find licensing, employment, and disciplinary information.
- How is the person paid? Is it an hourly rate, a flat fee, or a commission that depends on the investments you make? Does the person get a bonus from his or her firm for selling you a particular product?
- What are the fees for setting up and servicing your account?

Additional organizations that could be helpful are:

- The Commodity Futures Trading Commission (CFTC) provides consumer alerts and advisories. Visit www.cftc.gov/ConsumerProtection. The Commission oversees the Reparations Program that resolves disputes between commodity customers and commodity professionals. You can institute "reparations" proceedings against commodity professionals registered with the Commission if they violate the anti-fraud or other provisions of the Commodity Exchange Act. To ask a question, report information, or submit a complaint, contact the CFTC (p. 108).
- Both the North American Securities Administrators Association and the National Futures Association (p. 146) can offer helpful information.

INVESTING IN GOLD

Many financial experts recommend buying gold as part of a balanced portfolio. Some suggest buying only a small amount because values can fluctuate; others recommend heavier investments.

There are a number of ways to invest in gold; common ones include bullion, certificates, and

coins. Most people depend on an investment advisor or company to help them choose. Make sure the person or company you choose is licensed with your state securities administrator (p. 134).

Also be aware that the U.S. Mint's American Eagle Gold Bullion Coins are the only gold coins guaranteed by the U.S. government in terms of purity, weight, and content. They're available from precious metal or collectible coin dealers, certain banks, and brokerage houses. If you're considering investing in gold, do your homework first. Check the U.S. Mint website at www.usmint.gov.

Another useful source for information on protecting yourself against scam artists touting coins and precious metals as safe investments to hedge against bad economic times is www.ftc.gov/bcp/edu/pubs/consumer/alerts/alt186.shtm.

RETIREMENT PLANNING

Part of smart investing is planning for retirement. The average American spends 20 years in retirement, but less than half of Americans calculate how much they need to save for their retirement years. Regardless of your age, it's never too early or too late to start.

The three major components of a retirement portfolio are generally benefits from pensions, savings and investments, and Social Security.

If you are still working and your employer offers a plan, find out how it works. If your employer has a 401(k) type plan and offers to put some money in if you do (called a match), this should be the first place that you save. Make sure you understand how a job change might affect your employer-based retirement plan and what your options are for saving that money. If you switch jobs before you are fully vested, you may lose a significant amount of money.

As you approach retirement, there are many factors to consider. Experts advise that you will need about 80% of your pre-retirement income in your retirement years. The exact amount, of course, depends on your individual needs. For example:

- How old do you plan to be when you retire?
- Will your spouse or partner retire when you do?
- Where do you plan to live? Will you downsize, own, or rent?
- Do you expect to work part time?
- Will you have the same medical insurance you had while working? Will coverage change?
- Do you want to travel or pursue a new hobby that might be costly?

If you need more information or have an investment advisor problem that you are unable to resolve directly, you can contact the SEC (p. 107) or FINRA (p. 144).

- If you have a financial advisor, talk to him or her about your plans.

For more information go to:

- AARP: www.aarp.org
- American Savings Education Council: www.asec.org
- Certified Financial Planner Board of Standards: www.cfp.net
- Investopedia: www.investopedia.com/university/retirement
- Department of Labor: www.dol.gov/ebsa
- The Investor's Clearinghouse: www.investoreducation.org
- MyMoney.gov: www.mymoney.gov
- Securities and Exchange Commission: www.sec.gov
- Social Security Administration: www.socialsecurity.gov

PHONES



The choices for phone service have never been greater. Most consumers are now able to buy local and long-distance phone service from their telephone company, cable or satellite TV provider, or Internet service provider. Services such as voice mail, call waiting, caller ID, and wireless service may be offered as a package deal or sold separately. Before you buy, compare services and prices, and think about what you really need:

- Whom do you call most often?
- What time of day or day of the week do you call?
- Do you want to get messages? If so, do you need voice mail or will an answering machine do?
- Do you want call waiting and/or caller ID?
- How important is it for you to have your phone with you when you are away from home?

Find out how each company prices its services. Are there minimum use, time-of-day, or distance requirements; flat monthly fees; or special plans?

BEWARE: CALLER ID SPOOFING

Scammers have adopted the practice of Caller ID spoofing to obtain personal information from consumers. In this fraud, someone calls you using a false name and phone number for the Caller ID screen. During the call, the scammer describes an urgent scenario, such as the cancellation of an account. The caller may say you can avoid the cancellation if you provide your bank account or credit card number to pay the company. If you give the sensitive information, he can use it to steal your identity, or use your bank accounts.

You can prevent being a victim of caller ID spoofing. Don't give out personal information on an incoming call. Hang up and call the customer service phone number printed on your statement, the company's website or in the phonebook.

Report caller ID spoofers to the Federal Communications Commission at fcc.gov/complaints or 1-888-225-5322.

For example, wireless service may be cheaper than regular local service if you don't make many calls. Make sure you're comparing prices on similar plans and features. Understand that many service providers offer contracts for specific periods. Read the fine print and ask questions if there is anything you're not clear about.

The FCC (p. 105) offers consumer information about choosing a long-distance carrier, understanding new phone fees and taxes, and more at www.fcc.gov/cib. The National Consumers League also maintains a web page (<http://nclnet.org/technology/88-telecommunications/228-understanding-your-phone-bill>) to help you understand phone charges and recognize fraud.

SLAMMING AND CRAMMING

"Slamming" occurs when a phone company illegally switches your phone service without your permission. If you notice a different company name on your bill or see phone charges that are higher than normal, take action:

- Contact the company that slammed you and ask to be switched back to your original company. Tell the company you are exercising your right to refuse to pay charges.
- Report the problem to your original company and ask to be enrolled in your previous calling plan. If you're unable to resolve your complaint, contact the FCC (p. 105).

“Cramming” occurs when companies add charges to your phone bill without your permission. These charges may be for services such as voice mail, ringtones, or club memberships. You may not notice these monthly charges because they are relatively small, \$5 to \$30, and look like your regular phone charges.

Take These Steps to Avoid Slammers and Crammers:

- **Block changes to your phone service.** Ask your telephone service provider if it offers a blocking service, which usually requires the company to notify you before making any changes to your service.
- **Read the fine print** on contest entry forms and coupons. You could be agreeing to switch your phone service or to buy optional services.
- **Watch out for impostors.** Companies could falsely claim to be your regular phone company and offer some type of discount plan or change in billing. They may also say they are taking a survey or they may pretend to be a government agency.
- **Beware of “negative option notices.”** You can be switched or signed up for optional services unless you say “NO” to telemarketers.
- **Examine your telephone bill** carefully, including pages that show the details, and look for suspicious charges.

Your phone service cannot be shut off for refusal to pay for unauthorized services. For help, contact your local or state consumer protection agency (p. 112), state public utilities commission (p. 138), or the FCC (p. 105).

CELL PHONES

Before you sign a contract and choose a plan and a company that meets your needs, you should ask these types of questions:

Where can you make and receive calls? Most providers now offer a choice of local, regional, or national plans. A local plan offers low-cost options if most of your calls are near your home. Regional plans cover a larger geographic area—sometimes several states. If you call outside the area covered by these plans, you will pay long-distance and roaming charges in addition to the airtime used. National plans are the most expensive, but they let you use your phone anywhere in the country for a single per-minute price.

How frequently will you use the phone? If you just want a phone for emergencies, an economy plan with a few minutes a month may be all you need. On the other hand, if you are going to be a heavy user, a plan with several free hours and the lowest airtime rate is a wiser choice. If you plan to use texting, pick

APPS FOR YOUR SMARTPHONE

“Apps”, short for applications, are tools that help you accomplish tasks or find information when you are on the go. Apps are designed to work on smart phones and may be downloaded or accessed using your phone’s web browser. Some apps are designed for specific platforms (Android, Blackberry, or iPhone), so make sure that you purchase apps that are compatible with your phone’s software requirements.

While some apps are free, many of them do charge a small fee. Before you click “download”, keep in mind that the cost of your purchases are automatically deducted from your bank account or charged to your credit card or phone bill. Keep track of the amount of money that you spent on apps, to avoid shock when you receive your bill.

Visit Apps.usa.gov to download free apps from the government. Look for some of the consumer apps for product recalls, fuel economy, food safety, nutrition, and health information.

a plan that will meet your needs and avoid surprises on your bills. Most services allow you to upgrade a plan without an added one-time charge.

Is a family plan option available? Instead of individual cell phone plans for each member of the family, you can share one cellular service plan and a pool of monthly usage minutes among several phones. The cost of the additional numbers per month is usually less than if you purchased individual accounts.

Is there a trial period? Many people experience “dead spots” where a cell phone doesn’t work. A trial period lets you test your service and try the features of the phone without incurring a termination fee.

Know your options. Make sure you are only buying the options or features you really need. It is always easier to upgrade a plan later if you feel you need another feature.

What if you want to cancel your service? Most providers have a penalty. This is a concern if you have to move out of the area covered by your plan.

BUNDLING, PROMOTIONS, AND DEALS

For information about bundling Internet, telephone, and TV service, along with special promotions and deals, see Bundling and Other Promotions on page 31.

SMART PHONES



Smart phones are like miniature computers; they provide basic phone functions, along with advanced features, including browsing the Internet, accessing e-mail, interacting on online social networks, listening to music, watching videos, uploading pictures, and managing your calendar. They also allow use of a QWERTY keyboard to facilitate texting and e-mailing. (The keys are arranged the same way they would be on your computer keyboard.)

When shopping for a smart phone, consider these tips:

- Consider the shape and size of the phone.
- Make sure you can easily use the keypad to make calls or send messages.
- Do you need to access the Internet with your phone? If so, ask whether a data plan is required and how much it costs; compare options carefully. Data plans govern use and costs associated with mobile access for e-mail, text messaging, web browsing, social networking, and other applications.
- Take advantage of special pricing and promotions.
- Learn the return and cancellation policies.
- Be wary of buying phone insurance, which may sound tempting, but consumer groups generally advise against it.

Since smart phones are like miniature computers, many of the same privacy and safety concerns apply; however, unlike computers, these devices do not have anti-virus software to protect your phone from malware attacks. For more information on how to protect yourself from these concerns, see the Online Privacy (p. 42) and Internet (p. 31) sections.

PAY-AS-YOU-GO PLANS

If you want cell phone service only for emergencies or aren't sure how much you will actually use a cell phone once you get it, you may want to consider a prepaid cell phone before you commit to a long-term wireless contract. With a prepaid cell phone, there is no contract to sign and no monthly bill to worry about. You will know exactly how much you spend. The downside of prepaid plans is that you pay more

BEWARE: GPS ENABLED APPS

GPS enabled apps on mobile phones make it easy to share your fun adventures through social media. Some apps let others know your general vicinity, while others allow you to virtually “check in” at your favorite places so that you can earn free merchandise. Beware: this same information in the wrong hands can make you vulnerable to stalking, home burglary, or worse. Take advantage of the privacy settings on these apps and only share your location with people that you know and trust.

per minute, and, if you don't use the phone for an extended period, you may lose the money in your account.

VoIP

Voice over Internet Protocol (VoIP) phone service is an option for anyone with a broadband Internet connection. Most telephone and cable companies offer VoIP service, as do private companies. Some VoIP services only work using special phones, while other services allow you to use a traditional phone through an adaptor. For more information on whether VoIP is right for you, visit www.ftc.gov.

For help deciding on the best values from telephone, TV, and Internet service providers; filing a complaint; or learning more about consumer protections, go to www.reboot.fcc.gov/consumers.

PRIVACY PROTECTION & IDENTITY THEFT



Identity thieves steal your personal information to commit fraud. They can damage your credit status and cost you time and money to restore your good name. To reduce your risk of becoming a victim, follow these tips:

Tips for Preventing Identity Loss

- **Don't carry your Social Security card** in your wallet or write your number on your checks. Only give out your SSN when absolutely necessary.
- **Protect your PIN. Never write a PIN** on a credit/debit card or on a slip of paper kept in your wallet.
- **Watch out for "shoulder surfers."** Use your free hand to shield the keypad when typing your passwords on computers and at ATMs.
- **Collect mail promptly.** Ask the post office to put your mail on hold when you are away from home for more than a day or two.
- **Pay attention to your billing cycles.** If bills or financial statements are late, contact the sender.
- **Keep your receipts.** Ask for carbons and incorrect charge slips as well. Promptly compare receipts with account statements. Watch for unauthorized transactions.
- **Tear up or shred** unwanted receipts, credit offers, account statements, expired cards, etc., to prevent "dumpster divers" (see page 5) from getting your personal information.
- **Store personal information in a safe place** at home and at work. Don't leave it lying around.
- **Don't respond to unsolicited requests** for personal information in the mail, over the phone, or online.
- **Install firewalls** and virus-detection software on your home computer.
- **Check your credit report once a year.** Check it more frequently if you suspect someone has gained access to your account information. See Credit Reports (p. 11).

REPORTING IDENTITY THEFT

If you suspect or become a victim of identity theft, follow these steps:

- **Report it to your financial institution.** Call the phone number on your account statement or on the back of your credit or debit card.
- **Report the fraud to your local police.** Keep a copy of the police report, which will make it easier to prove your case to creditors and retailers.
- **Contact the credit-reporting bureaus** (p. 11) and ask them to flag your account with a fraud alert, which asks merchants not to grant new credit without your approval.

If your identity has been stolen, you can use an ID Theft affidavit to report the theft to most of the parties involved. All three credit bureaus and many major creditors have agreed to accept the affidavit. Request a copy of the document by

calling toll free 1-877-ID-THEFT (438-4338) or visit www.ftc.gov/idtheft. You can also use this website to file a complaint with the FTC.

The FTC also publishes a series of publications about the importance of personal information privacy. To download copies, go to www.ftc.gov or request free copies of brochures by calling 1-877-FTC-HELP (382-4357).

PROTECTING YOUR PRIVACY

Getting a credit card approved, transferring money from one account to another, renewing your driver's license, getting a prescription from your doctor at your local pharmacy: think about how easily and quickly you can do these things today. A downside of this convenience is that there are more opportunities for your personal information to be changed, stolen, or reported inaccurately. To help protect your privacy, follow these tips:

- Look for privacy statements on websites, sales materials, and forms you fill out. If a website claims to follow a set of established voluntary standards, read the standards. Don't assume it provides the level of privacy you want.
- Ask what information will be collected and how it may be used.
- Be selective in what you put on warranty

See page 22 for tips to prevent medical identity theft.

CREATE SECURE PASSWORDS

In an effort to protect your privacy and personal information, many websites require you to login with a username and password to access your account. The number of passwords that you need on a daily basis can be overwhelming. It is tempting to use the same password across several sites. However to get the most protection available, you should use different passwords on each site and change your passwords periodically. The goal for creating passwords is to strike a balance between being something that is easy to remember, yet random and unique.

Some general tips for creating a secure password include:

- Use a mix of uppercase and lowercase letters, numbers, and special characters.
- The longer the password, the better it is.
- Don't use your name, birthday, license plate, favorite sports teams or other facts that are easily guessed.
- Create a password based on a phrase. For example "A stitch in time saves nine" can be translated into the password "Ast!Ts9", where each character represents a word in the phrase.
- If you must use the same password on several websites, add a prefix or suffix. For example, use "Ast!Ts9:4bnk" for your bank account and "Eml: Ast!Ts9" for your email account.

BEWARE: E-MAIL BREACH

Do you ever share your e-mail address with your favorite retailer to be notified of sales, coupons, and new arrivals? What happens if the company's e-mail database is hacked? You should receive a notice from the company to let you know about the data breach. After that, you may see an increase in phishing e-mail you receive. Your best advice is to "do nothing": don't respond or verify personal information. For more detailed information, see the "Phishing Continues to Be a Problem" section (p. 34).

registration forms. The company only needs the purchase date, model/serial numbers, and how you can be contacted if there is a product recall. You can ignore questions not related to your purchase, such as your income and hobbies.

- Discuss privacy with others in your home. Everyone, even children, should understand what information is not appropriate to share on the phone, while using a computer, and in other situations.

Check with your state or local consumer agency (p. 112) to find out whether any state laws help protect your privacy. Some companies and industry groups have also adopted voluntary policies that address privacy concerns.

FINANCIAL PRIVACY

The Federal Deposit Insurance Corporation (p. 106) and other federal regulators require banks, insurance companies, brokerage firms, and certain businesses that share financial information to tell you their privacy policies. They must give you this information when you open an account and at least once every year. This includes:

- The kinds of information being collected.
- How the confidentiality and security of this information will be protected.
- What types of businesses may be provided this information.

If a business is going to share the information with anyone outside its corporate family, it must also give you the chance to "opt out" or say no to information sharing. Even if you don't opt out, your account numbers may not be shared with third parties for marketing purposes.

Your credit information has additional privacy protections under the Fair Credit Reporting Act. Only people with a legitimate business need can get a copy of your report. An employer can only get your report with your written consent. For more information on your rights under this federal law

and to find out how you can get a copy of your credit reports, see Credit Reports and Scores on page 11.

MEDICAL PRIVACY

Personal information you give to your doctor is shared with insurance companies, pharmacies, researchers, and employers based on specific regulations. The privacy of your health records is protected by federal law (the Health Insurance Portability and Accountability Act, also known as HIPAA), which:

- Defines your rights over your health information.
- Sets rules and limits on who is allowed to receive and/or see your health information.

The U.S. Department of Health and Human Services, Office for Civil Rights (www.dhhs.gov/ocr or 1-800-368-1019) is an excellent resource for complete details and advice about the HIPAA ruling. Along with fact sheets and educational materials, the Office for Civil Rights provides a listing of resources for consumers, providers, and advocates.

The Medical Information Bureau (MIB) is a data bank used by insurance companies that collects and shares information. You can request a copy of your file by writing to MIB, Inc., 50 Braintree Hill Park, Suite 300, Braintree, MA 02184-8734 or call toll free 1-866-692-6901 (TTY: 1-866-346-3642). There is a fee to obtain a copy of your file.

If you believe that a person, agency, or organization covered under the HIPAA Privacy Rule violated your health information privacy rights or committed another violation of the Privacy Rule, you may be able to file written complaints with the Department of Health and Human Services, Office for Civil Rights (p. 98).

For more information on how the federal government protects your personal health information, visit the Department of Health and Human Services, Office for Civil Rights website at www.hhs.gov/ocr/privacy.

ONLINE PRIVACY

In addition to following the general advice on protecting your privacy, make sure you only use websites with acceptable privacy policies.

- Look for a privacy policy statement or seal that indicates the site abides by privacy standards. Take time to read how your privacy is protected.
- Look for signals that you are using a secure web page. A secure site encrypts or scrambles personal information so it cannot be easily intercepted. Signals include a screen notice that says you are on a secure site, a closed padlock or unbroken key in the bottom corner of your screen, or the first letters of the Internet address you are viewing changes from "http" to "https."

Another threat to your privacy is spyware, which is sneaky software that rides its way onto computers when you download screensavers, games, music, and other applications. Spyware sends information about what you're doing on the Internet to a third party, usually to target you with pop-up ads. Browsers like Internet Explorer and Firefox, and search engines like Google and Bing, enable you to block pop-ups. You can also install anti-spyware to stop this threat to your privacy. For more information, see the Internet section on page 31.

SMART HOME SHOPPING



Late delivery, shipment of wrong or damaged items, and hidden costs are common home shopping complaints. To avoid problems and resolve them more easily, follow the advice in the "Before You Buy" checklist (p. 2). In addition:

- **Be wary of post office boxes** and sellers in other countries. It may be difficult to find the seller to resolve a problem later.
- **Know the total price.** Make sure it includes all charges, shipping, handling, insurance, and taxes. Coupons and other discounts should be properly deducted.
- **Make sure you are clear on what you are buying.** Watch for words such as "refurbished," "reconditioned," "closeout," or "discontinued."
- **Use your credit card,** debit card, or bank account number for payment only, never to prove your identity.
- **Keep a record of your purchase.** Save any information the seller gives you, such as product description, delivery date, cancellation policy, privacy policy, warranties, and order confirmation numbers.
- **Keep track of your order.** If it's late, you have the right to cancel and demand a refund.

YOUR RIGHTS: SHOPPING FROM HOME

When you order something by mail, phone, fax, or computer, the Federal Trade Commission (FTC) requires the company to:

- Ship the merchandise within the time promised, or if no specific delivery time was stated, within 30 days of receiving your order.
- Notify you if the shipment cannot be made on time and give you the choice of waiting longer or getting a refund.
- Cancel your order and return your payment if the new shipping date cannot be met, unless you agree to another delay.

If you cancel, your money must be refunded within seven days (or your account must be credited within one billing cycle if you charged the order). The company can't substitute a store credit. If you applied for a charge account with the merchant at the same time that you placed your order, the company has an extra 20 days to ship the merchandise to allow time for processing your application.

These FTC rules only apply to the first shipment of magazine subscriptions or other merchandise that you receive repeatedly. Orders for services (for example, photo finishing), sale of seeds and growing plants, collect-on-delivery (C.O.D.) orders, and transactions, such as books and music clubs, are covered by a different FTC rule. There could also be laws or regulations in your state that apply. Report suspected violations to your state or local consumer protection agency (p. 112) and to the FTC (p. 106).

YOUR RIGHTS: 3-DAY COOLING-OFF RULE

This federal law, which dates back to 1972, was intended to protect consumers in their homes during door-to-door sales pitches or at sales in temporary business locations. According to the FTC, the 3-Day Cooling-Off Rule does NOT apply to the purchase of new automobiles or items sold online. It only applies when a company is selling something that costs \$25 or more at a location other than its regular place of business.

To comply with the 3-Day Cooling-Off Rule, a seller must inform buyers of their right to cancel the sale and receive a full refund within three business days.

Be aware that there are situations in which the Cooling-Off Rule does not apply:

- You made the purchase entirely by mail or telephone.
- The sale was the result of prior contact you had at the seller's permanent business location.
- You signed a document waiving your right to cancel.

- Your purchase is not primarily for personal, family, or household use.
- You were buying real estate, insurance, securities, or a motor vehicle.
- You can't return the item in a condition similar to how you received it.
- You bought arts or crafts at a fair, shopping mall, civic center, or school.

Remember, if you paid by credit card and are having difficulty getting your refund, you may also be able to dispute the charge with your credit card company under the Fair Credit Billing Act. See Credit Card Billing Disputes (p. 11).

ONLINE SHOPPING

Online shopping websites often offer great deals, variety, and convenience. But consumers need to be careful and make informed decisions about their purchases. Some tips for shopping safely online:

- Stick to websites that are known or recommended.
- Compare prices and deals, including free shipping, extended service contracts, or other offers.
- Search for online coupons, known as promo codes, which may offer discounts or free shipping. Some sites offer promo codes for coupons to be

ONLINE AND GROUP COUPONS

In addition to the traditional coupons found in newspapers, coupons can also be found online. Online coupons come in a variety of forms; they can be found on manufacturers' websites and on dedicated coupon websites. Coupons are also available on social media websites for becoming a fan of a product, or for sharing your email address with the company.

Group coupons are another online saving tool. Here's how they work: local companies offer reduced prices for things like spa services, gourmet meals, and outdoor adventures through a third party company. If interested, you pay the third party company to take advantage of the deal. Group coupons allow you to try new experiences, by reducing the trial cost. Since your ultimate goal when using a coupon is to save money, follow some guidelines to that you get your money's worth from group coupons. Ask yourself "Am I really going to use this?" If the answer is "no", don't buy it. A coupon isn't really a deal if you don't use it. Read the terms and conditions of the deal for expiration dates and scheduling appointments with the actual business.

used in bricks-and-mortar stores.

- Get a complete description of the item and parts included, and the price, including shipping, delivery time, warranty information, return policy, and complaint procedure.
- Before you finalize the order, make sure the quantity and total price are correct; don't buy 11 items when you only meant to buy one.
- Pay with a credit card. Federal law protects you if you need to dispute charges, but it doesn't apply to debit cards, checks, cash, money orders, or other forms of payment.



- Use a secure browser. Look for an address that starts with "https" rather than "http." Also look for a closed padlock icon, usually in the lower right-hand corner of the screen.
- Print your purchase order with details of the product and your confirmation number.



For more information, go to www.onguardonline.gov.

ONLINE AUCTIONS AND SELLERS

Many people sell items on the Internet through auctions, classified ads, news groups, and chat rooms. Review the Internet section (p. 31) for safe shopping online as well as the general tips on shopping from home (p. 43).

- Check how the auction works. Can you cancel a bid? Don't assume that the rules used by one auction site apply to another. Some sites offer step-by-step instructions that will take you through the bidding process.
- Find out what protections you have. Does the site provide free insurance or guarantees for items that are not delivered or are not what the seller claimed?
- Follow the strategies used in any auction. Learn the value of the item before you begin bidding, then establish your top price and stick to it.
- Don't bid on an item you don't intend to buy. If you're the highest bidder, you have bought it. Auction companies often bar those who back out of a deal from future bidding.
- If the seller can't accept payment by credit card, use an escrow service. A third party holds your money until you get your purchase and approve

release of your payment to the seller. There is a small fee, but the peace of mind is worth it.

For more tips, check out the Federal Trade Commission's *Internet Auctions: A Guide for Buyers and Sellers* at <http://ftc.gov/bcp/edu/pubs/consumer/tech/tec07.shtm>.

TELEMARKETING & UNWANTED MAIL



What can you do about the growing pile of unwanted mail in your mailbox and unwelcome telemarketers on your phone? Actually, there's a lot you can do:

- Tell companies you do business with to remove your name from customer lists they rent or sell to others. Look for information on how to opt out of marketing lists on sales materials, order forms, and websites.
- Use the services provided by the Direct Marketing Association (p. 144) to remove your name from most national telemarketing, mail, and e-mail lists.
- Call the credit reporting agencies' notification system at 1-888-567-8688. This will reduce the number of unsolicited credit and insurance offers you get. All three major credit bureaus participate in this program.
- Under U.S. Postal Service (USPS) rules, it is illegal to send mail that looks like it is from a government agency when it isn't. It is also illegal to send mail that looks like a bill when nothing was ordered, unless it clearly states that it is not a bill. Report violations of this rule to the USPS (p. 108).

NATIONAL DO NOT CALL REGISTRY

The federal government's Do Not Call Registry allows you to permanently restrict telemarketing calls by registering your phone number at www.donotcall.gov or by calling 1-888-382-1222. If you receive telemarketing calls after your number has been in the national registry for three months,

you can file a complaint using the same web page and toll free number.

Placing your number on this national registry will stop most telemarketing calls, but not all of them. Calls that are still permitted include those from political organizations, charities, telephone surveyors, and some organizations with which you have a relationship.

PRE-RECORDED MESSAGES

Pre-recorded sales calls or robocalls are illegal. Companies cannot transmit these messages to consumers who have not agreed, in writing, to accept such messages. Pre-recorded calls may only be made to residential telephone numbers in the following cases:

- Emergency calls needed to ensure your health and safety.
- Non-commercial calls.
- Calls that don't include any unsolicited advertisements.
- Calls by, or on behalf of, tax-exempt nonprofit organizations.
- Calls for which you have given prior consent.
- Calls from entities with which you have an established business relationship.

If you receive pre-recorded telemarketing calls but have not agreed to get them, file a complaint with the FTC at www.donotcall.gov or by calling 1-888-382-1222.

TELEMARKETING SALES CALLS

A Federal Trade Commission rule defines what telemarketers can and cannot do when making a sales call. Callers must:

- Provide the seller's name.
- Disclose that the call is a sales call.
- Tell you exactly what they're trying to sell.
- Disclose the total cost and other terms of sale

OPTING OUT

Tired of unwanted e-mail filling up your inbox? You can opt out of most unsolicited e-mail lists by going to the "unsubscribe" button, usually found at the bottom of the message. Some senders make the button difficult to find, so you may have to do some searching.

In addition, the Direct Marketing Association lets you opt out of receiving unsolicited commercial mail from many national companies for three years. You can register with this service for a small fee, but your registration only applies to organizations that use the association's Mail Preference Service. To register go to www.dmchoice.org.

before you make any payment for goods or services.

- Tell you if they don't allow refunds, exchanges, or cancellations.

If a prize is involved, the caller must give you the odds of winning, inform you that no purchase is necessary, and tell you how to get instructions for entering without buying anything.

It's illegal for telemarketers to:

- Misrepresent what they're offering.
- Call before 8 am or after 9 pm.
- Threaten, intimidate, or harass you, or call again if you ask them not to.

This FTC rule applies even when you receive a call from a telemarketer in another state or country. It also applies when you make a call to a company in another state or country in response to a mail solicitation.

The rule generally does not apply when you call to order from a catalog or in response to an ad on television or radio, or in a magazine or newspaper. It also does not apply to solicitations you receive by fax or e-mail. Beware that certain types of businesses, including nonprofit organizations, investment brokers and advisors, and banks and financial institutions, are exempt from the rule.

In addition, telemarketers are not allowed to use auto dialers to reach cell phones.

If you get a phone call from someone who says he or she is with your bank and/or credit company and the person asks you to provide or confirm any personal information:

- Do NOT answer any questions.
- Hang up immediately.
- Call your bank or credit company directly and describe what happened.

TRAVEL



Whether reserving a hotel room, buying plane tickets, or making other travel arrangements, these

tips will help you get the deal you've been promised:

- **Plan as far ahead as you can.** Special deals on hotel rooms and airline seats often sell out very quickly.
- **Be flexible in your travel plans.** Hotels usually offer better rates on days when they expect fewer guests. Once you get a fare quote from an airline, ask if you can save money by leaving a day earlier or later, by taking a different flight on the same day, or by using a different airport. Changing planes during your trip is sometimes cheaper than a nonstop flight.
- **Check out the seller.** Ask tour operators and travel agents whether they belong to a professional association, then check to see if they are members in good standing. Contact your state or local consumer protection agency (p. 112) and the Better Business Bureau (p. 66) to find their complaint history.
- **Comparison shop.** Determine the complete cost of the trip in dollars, including all service charges, taxes, processing fees, etc.
- **Beware of unusually cheap prices and freebies.** It could be a scam, and you could end up paying more than the cost of a regular package tour.
- **Make sure you understand the terms of the deal.** If you hear you've won a free vacation, ask if you have to buy something in order to get it. If the destination is a beach resort, ask the seller how far the hotel is from the beach. Then ask the hotel.
- **Ask about cancellation policies.** You may want to look into trip insurance for added protection. The website www.insuremytrip.com offers pricing and policy information on plans from different companies and describes the different forms of policies available.
- **Insist on written confirmations.** Ask for written proof of reservations, rates, and dates.
- **Pay by credit card.** It's not unusual to make a deposit or even pay in full for travel services before the trip. A credit card gives you the right to dispute charges for services that were misrepresented or never delivered. If a travel agent or service provider says you can't leave for at least two months, be very cautious—the deadline for disputing a credit card charge is 60 days and most scam artists know this. (See Credit Card Billing Disputes, page 11).

In some states, travel sellers must be registered and insured. Advance payments for travel must be placed in an escrow account until services are provided. Prizes or "free" gifts may also be regulated. Contact your state or local consumer protection agency (p. 112) to find out about your

rights and how to file complaints. The American Society of Travel Agents (p. 143) will also help resolve disputes with member agents.

RESOLVING AIR TRAVEL PROBLEMS

No matter how well you plan, you might encounter these common air travel hassles.

Delayed and Canceled Flights

Airline delays caused by bad weather, traffic control problems, and mechanical repairs are hard to predict. If your flight is canceled, most airlines will rebook you on the earliest flight possible to your destination, at no additional charge. If you're able to find a flight on another airline, ask the first airline to endorse your ticket to the new carrier. This could save you a fare increase, but there is no rule requiring the airline to do this.

Each airline has its own policies about what it will do for delayed passengers; there are no federal requirements. If your flight is delayed or canceled, ask the airline whether it will pay for meals or a phone call. Contrary to what many people believe, airlines are not required to do so.

Delayed or Damaged Bags

If your bags aren't on the conveyor belt when you arrive, file a report with the airline before you leave the airport:

- Insist the airline fill out a form and give you a copy, even if personnel say the bag will be on the next flight.
- Get the name of the person who filled out the form and a phone number.
- Confirm that the airline will deliver the bag to you without charge when it's found.

Some airlines will give you money to purchase a few necessities. If they don't provide you with cash, ask what types of articles are reimbursable and keep all receipts.

If a suitcase arrives damaged, the airline will usually pay for repairs. If an item can't be fixed, the airline will negotiate to pay you its depreciated value. The same is true for belongings packed inside a suitcase. Of course, airlines may refuse to pay for damage if it was caused by your failure to pack something properly rather than by the airline's handling.

Lost Bags

If your bag is declared officially lost, you will have to submit a second, more detailed form within a time period set by the airline. The information on the form is used to estimate the value of your lost belongings. Airlines can limit their liability for delay, loss, and damage to baggage; however, they must prominently display a sign that explains the limit.

AIRLINE FEES

Many airlines charge extra fees for checked baggage, advance seat assignments, meals, and other services. The Department of Transportation has ruled that an airline must prominently disclose all potential fees on their websites. The airline must also refund baggage fees if they lose your baggage. Airlines are also required to include all government taxes and fees in the advertised price. For more information, go to airconsumer.dot.gov/subjects.htm.

According to the Office of Aviation Consumer Protection and Enforcement (http://airconsumer.ost.dot.gov/SA_Baggage_Limits.htm), the maximum an airline pays on lost bags and their contents is limited to \$3,300 per passenger on domestic flights, and approximately \$1,500 per passenger for unchecked baggage on international flights. See www.thetravelinsider.info/travelaccessories/lostbaggagerights.htm for more information on maximum liability, including special rates that change on a daily basis.

If the airline's offer doesn't fully cover your loss, check your homeowners' or renters' insurance to see if it covers losses away from home. Some credit card companies and travel agencies also offer optional or even automatic supplemental baggage coverage.

On those trips when you know you're carrying more than the liability limits, you may want to ask about purchasing "excess valuation" from the airline when you check in. Of course, there is no guarantee the airline will sell you this protection. The airline may refuse, especially if the item is valuable or breakable.

Overbooked Flights

Selling more tickets than there are seats is not illegal. Most airlines overbook their flights to compensate for "no-shows." If there are more passengers than seats just before a plane is scheduled to depart, you can be "bumped" or left behind against your will. Whether you are bumped or not may depend on when you officially checked in for your flight, so try to arrive early. The U.S. Department of Transportation requires airlines to ask people to give up their seats voluntarily, in exchange for compensation. Airlines decide what to offer volunteers, such as money, a free trip, food, or lodging.

Federal rules protect you if you are "bumped" on most flights within the United States and on outbound international flights. Passengers who are involuntarily bumped are protected under Federal Aviation Administration guidelines (www.faa.gov). If you volunteer to be bumped, your agreement with the airline is not regulated and will depend on negotiating at the gate.

The airline must give you a written statement describing your rights, as well as the airline's boarding priority rules and criteria. If the airline is not able to get you to your final destination within two hours of your original arrival time, you may be entitled to a maximum of \$800 compensation if they are delayed (i.e. over two hours for domestic and over four hours for international) from their original arrival time. The amount depends on the price of the ticket and the length of the delay. To receive this payment, you must have a confirmed reservation. You must also meet the airline's deadlines for ticketing and check-in. An airline may offer you a free ticket on a future flight in place of a check, but you have the right to insist on a check.

Tarmac Delays

Under new federal rules, U.S. airlines operating domestic flights must allow passengers to deplane after a tarmac delay of three hours. The only exceptions allowed are for safety or security, or if air traffic control advises the pilot otherwise. Carriers are also required to provide adequate food and drinking water within two hours of being delayed on the tarmac; they must also maintain operable lavatories and, if necessary, provide medical attention.

There are other protections as well, such as prohibiting airlines from scheduling chronically delayed flights. For more information, go to www.airconsumer.ost.dot.gov, and search for Airline Passenger Protections.

CHECK BUS SAFETY RECORDS

Some travelers have turned to commercial buses as an inexpensive option for traveling long distances. Before planning a trip on a commercial bus or hired motorcoach, you should research the company's record. The Federal Motor Carrier Safety Administration (FMCSA) recommends that you contact the company and ask these questions:

- Do the drivers hold valid Commercial Driver's Licenses with a "passenger" endorsement?
- Does the company comply with the Department of Transportation's drug and alcohol testing requirements for drivers?
- Does the company conduct safety inspections of their buses?

You can find more information on interstate travel safety and use the FMCSA's (p. 104) bus safety database at www.fmcsa.dot.gov/safety-security/pes/Index.aspx. If you would like to file a safety complaint call 1-888-368-7238.

PASSPORTS

A valid U.S. passport is required to enter and leave most foreign countries. The Passport Services Office provides information and services to American citizens about how to obtain, replace, or change a passport. To obtain a passport for the first time, you need to go in person to one of 7,000 passport acceptance facilities located throughout the United States with:

- Two photographs of you taken within the last six months.
- Proof of U.S. citizenship.
- A valid form of photo identification (such as a driver's license).

Acceptance facilities include many federal, state, and probate courts; post offices; some public libraries; and a number of county and municipal offices. There are also 24 regional passport agencies, and one Gateway City Agency, that serve customers who are traveling within two weeks (14 days), or who need foreign visas for travel. Appointments are required in such cases.

All American citizens must now have a valid U.S. passport to re-enter the country, regardless of what nations they have been visiting while traveling. For more information on how to get a new passport, visit www.travel.state.gov/passport.

TRAVEL SAFETY

Several federal agencies offer advice and information on the Internet that can help you have a safe trip. For advice on:

- **Airline, highway, and rail safety information:** Check out the U.S. Department of Transportation (p. 103) at www.dot.gov. Look up crash-safety reports on cars or find out how weather is affecting air travel and road conditions.
- **Safe travel by air, land, and sea:** Contact the Transportation Security Administration (p. 101) at www.tsa.gov/travelers. It posts tips on dealing with airline security checks, traveling with kids, and warnings on prohibited items.
- **What to do before, during, and when you return from a trip overseas:** Visit the U.S. Department of State (p. 103) at www.state.gov/travel. You can also get warnings on locations to avoid and what to do in an overseas emergency.
- **Health-related travel information:** Consult the Centers for Disease Control and Prevention (p. 99) at www.cdc.gov/travel. Research vaccination requirements, find information on how to avoid illnesses caused by food and water, and review inspection scores on specific cruise ships.

TV



Many changes have taken—and are continuing to take—place in the industry. Savvy consumers need to keep up with new rules, products, and services to make sure they are getting the best quality and taking advantage of the best offers.

CABLE

You can start with a basic lineup of channels and go from there. The more channels you want, the more it will cost. You may want to consider video on demand so you can order movies and sports events and watch them when you like (usually within a 24-hour window). You can also buy a bundle of services that includes digital TV, digital phone, and broadband Internet access at discounted rates. Bear in mind, however, that you may be asked to sign a contract for bundled services.

SATELLITE

This requires a dish that's mounted outside (service requires an unobstructed view of the satellite) and a receiver that's placed by your television. Satellite TV may offer more channels than cable TV, and you can add a digital video recorder to record shows for viewing later. One downside to satellite TV is occasional interference during periods of rain or snow. Check with your satellite TV provider for channel options and prices. As with cable TV, you may be asked to sign a contract for a package of services.

INTERNET TV

If you have a high-speed Internet connection, you're already able to watch thousands of videos on your computer. But movies and TV shows are also available and becoming more prevalent as large online companies start distributing TV programming.

TV OPTIONS

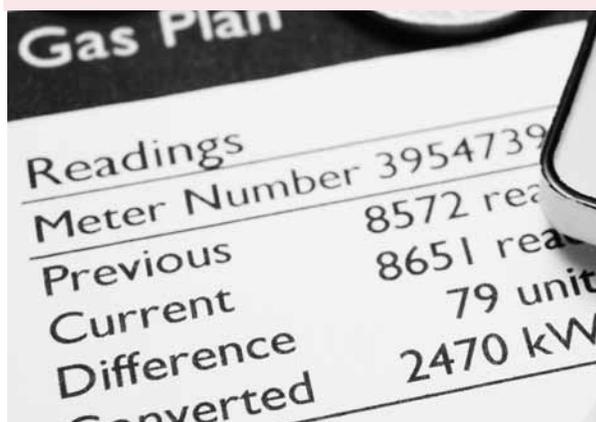
There are many choices for consumers looking to buy new televisions today.

BUNDLING, PROMOTIONS, AND DEALS

For information about bundling Internet, telephone, and TV service, along with special promotions and deals, see Bundling and Other Promotions on page 31.

Before buying a new TV, do your homework. Visit stores and online sites to compare prices, models, and features. It is important to see the monitors in person before buying to make sure the one you select will meet your needs. For independent ratings and reviews, check out *Consumer Reports* at www.consumerreports.org. Additional information is also available at www.energystar.gov/index.cfm?c=home_elec_details.fap_tv_whatelse.

UTILITIES



In many states, consumers can choose their telephone and energy service provider. Contact your state utility commission (p. 138) to find out whether you have a choice. Some commissions will provide a list of service providers and advice on making a choice. Most state utility commissions will also take any complaints you have concerning utility sales and service.

ELECTRICITY AND NATURAL GAS

If you have a choice of suppliers, ask:

- **How much will it cost?** How long can I depend on this rate? Will I be charged any other fees?
- **Are there any other terms or conditions?** For example, is there a fee if I cancel my agreement before the service period is up?
- **Whom do I contact if I have a problem?** Do you have a local customer service office?

For advice on how to save money on your energy bills, visit the U.S. Department of Energy at www.energysavers.gov or www.energystar.gov. You'll find information to help save energy at home and work. The Energy Savers site also provides

ENERGY STAR APPLIANCES



ENERGY STAR-qualified appliances use about 33% less energy than standard units.



You can find the ENERGY STAR logo on TVs, clothes washers and dryers, water heaters, furnaces and many other products.

Home electronics that have earned

the ENERGY STAR rating deliver exceptional features, while using less energy. Saving energy helps you save money on utility bills and helps to protect the environment by reducing greenhouse gas emissions to counter climate change. For more information, go to www.energystar.gov.

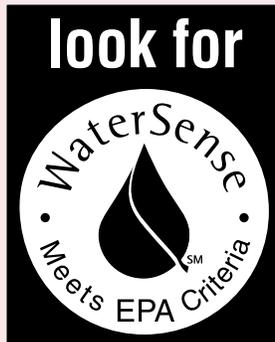
the latest updates on efficient, EPA-approved, and renewable energy, with links that take you directly to available federal resources.

WATER

The majority of consumers rely on local utilities to provide a safe and ample supply of water. Your local water agency is responsible for sending you an annual Consumer Confidence Report that should list the source of your water, what contaminants may be in the water, and information on the safety levels of contaminants and their effects on health. For more information, call the Environmental Protection Agency's Safe Drinking Water Hotline at 1-800-426-4791 or visit EPA's website at www.epa.gov/safewater.

WATERSENSE MAKES SENSE

The EPA WaterSense program can help protect the future of our nation's water supply by promoting water-efficiency and enhancing the market for water-efficient products, programs, and practices. To learn more and see what you can do to conserve water, visit www.epa.gov/watersense.



WILLS & FUNERALS



PLANNING FOR THE END OF LIFE

It's unfortunate how many people believe that estate planning is only for the wealthy. People at all economic levels benefit from an estate plan. Upon death, an estate plan legally protects and distributes property based on your wishes and the needs of your family and/or survivors with the fewest tax consequences.

Advance Medical Directives

We all face the possibility that sometime during our lifetime, we may become incapacitated. This often happens when nearing death, but it can also be the result of a temporary condition. Many people assume their spouses or children will automatically be allowed to make financial and/or medical decisions for them, but this is not necessarily true.

Advance directives are written documents that tell your doctors what kind of treatment you'll want if you become unable to make medical decisions (for example, if you're in a coma). Forms and laws vary from state to state, so it's a good idea to understand the laws of the state where you live when you write advance directives. It's also a good idea to make them before you are very ill. Federal law requires hospitals, nursing homes, and other institutions that receive Medicare or Medicaid funds to provide written information regarding advanced care directives to all patients upon admission.

A living will is one type of advance directive that goes into effect when a person is terminally ill. A living will does not give you the opportunity to select someone to make decisions for you, but it does allow you to specify the kind of treatment you want in specific situations. For example, you might choose to specify that you do not want to be treated with antibiotics if death is imminent. You can, if you choose, include an advance directive that you do not wish to be resuscitated if your heart stops or if you stop breathing. In this case, a Do Not Resuscitate (DNR) order would be entered on your medical chart.

WILLS

A will is the most practical first step in estate planning. It makes clear how you want your property to be distributed after you die.

Writing a will can be as simple as typing out how you want your assets to be transferred to loved ones or charitable organizations after your death. If you don't have a will when you die, your estate will be handled in probate, and your property could be distributed differently from what you would like.

It may help to get legal advice when writing a will, particularly when it comes to understanding all the rules of the estate disposition process in your state. For information about legal issues, see page 55. Some states, for instance, have community-property laws that entitle your surviving spouse to keep half of your wealth after you die no matter what percentage you leave him or her. Fees for the execution of a will vary according to its complexity.

CHOOSE AN EXECUTOR

An executor is the person who is responsible for settling the estate after death. Duties of an executor include:

- Taking inventory of property and belongings.
- Appraising and distributing assets.
- Paying taxes.
- Settling debts owed by the deceased.

Most important, the executor is legally obligated to act in the interests of the deceased, following the wishes provided by the will. Here again, it could be helpful to consult an attorney to help with the probate process or offer legal guidance. In most states, any person over the age of 18 who hasn't been convicted of a felony can be named executor of a will. Some people choose a lawyer, accountant, or financial consultant based on his or her professional experience. Others choose a spouse, adult child, relative, or friend. Since the role of executor can be demanding, it's often a good idea to ask the person if he or she is willing to serve.

If you've been named executor in someone's will but are not able or do not want to serve, you need to file a "declination," which is a legal document that declines your designation as an executor. The contingent executor named in the will then assumes responsibility. If no contingent executor is named, the court will appoint one.

FUNERALS

One of the most expensive purchases many consumers will ever make is the arrangement of a funeral. A traditional burial, including a casket and vault, costs about \$7,000. Extras such as flowers, obituary notices, cards, and limousines can add

RULES TO REMEMBER WHEN WRITING A WILL

- In most states, you must be 18 years of age or older.
- To be valid, a will must be written when you are of sound judgment and have adequate mental capacity.
- The document must clearly state that it is your will.
- An executor of your will, who ensures your estate is distributed according to your wishes, must be named.
- It is not necessary to notarize or record your will, but doing so can safeguard any claims that it is invalid. To be valid, you must sign a will in the presence of at least two witnesses.

thousands of dollars more. At such a highly emotional time, many people are easily swayed to believe that their decisions reflect how they feel about the deceased and wind up spending more than may be necessary.

Most funeral providers are professionals who work to serve their clients' needs and best interests. Unfortunately, some do not. They may take

WRITE A SOCIAL MEDIA WILL

Social media is a part of daily life, so what happens to the online content that you created once you die? If you are active online you should consider creating a statement of how you would like your online identity to be handled, like a social media will. You should appoint someone you trust as an online executor. This person will be responsible for the closure of your email addresses, social media profiles, and blogs after you are deceased. Take these steps to help you write a social media will:

- Review the privacy policies and the terms and conditions of each website where you have a presence.
- State how you would like your profiles to be handled. You may want to completely cancel your profile or keep it up for friends and family to visit. Some sites allow users to create a memorial profile where other users can still see your profile but can't post anything new.
- Give this person a document that lists all the websites where you have a profile, along with your usernames and passwords.
- Stipulate in your will that the online executor should have a copy of your death certificate. The online executor may need this as proof in order for websites to take any actions on your behalf.

advantage of clients by insisting on unnecessary services and overcharging consumers. That's why there is a federal law, called the Funeral Rule, that regulates the actions of funeral directors, homes, and services.

Many funeral providers offer a variety of package plans that include products and services that are most commonly sold. Keep in mind, you are not obligated to buy a package plan; you have the right to buy the individual products and services you prefer.

As outlined by the Funeral Rule:

- You have the right to choose the funeral goods and services you want (with some exceptions).
- The funeral provider must state this "Rule" in writing on the general price list.
- If state or local law requires you to buy any particular item, the funeral provider must disclose it on the price list, with a reference to the specific law.
- The funeral provider may not refuse, or charge a fee, to handle a casket that you bought elsewhere.
- A funeral provider who offers cremations must make alternative containers available.
- For more information about the Funeral Rule, visit www.ftc.gov/bcp/edu/microsites/funerals.

Planning ahead is the best way to make informed decisions about funeral arrangements. An advance plan also spares your family from having to make choices in the middle of grief and under time constraints. Every family is different, and funeral arrangements are influenced by religious and cultural traditions, budgets, and personal preferences.

You are not legally required to use a funeral home to plan and conduct a funeral, but most people find that the services of a professional funeral home make it easier.

Comparison shopping, either in person or by phone, can save you money and is much easier when done in advance. Many funeral homes will also send you a price list by mail, but this is not required by law. If you have a problem concerning funeral matters, it's best to try to resolve it first with the funeral director. If you are dissatisfied, the Funeral Consumers Alliance (p. 110) may be able to advise you on how best to resolve your issue. You can also contact your state or local consumer protection agencies (p. 112) or the Funeral Service Consumer Assistance Program at 1-800-662-7666. Most states have a licensing board that regulates the funeral industry. You can contact the board in your state for information or help.

THE FUNERAL RULE

A federal law makes it easier for you to choose only the goods and services you want or need when planning a funeral, and to pay only for those you select. The Funeral Rule, enforced by the Federal Trade Commission, requires funeral directors to give you itemized prices in person and, if you ask, over the phone.

VETERANS CEMETERIES

All veterans are entitled to a free burial in a national cemetery and a grave marker. This eligibility also applies to some civilians who have provided military-related service and some Public Health Service personnel. Spouses and dependent children also are entitled to a lot and marker when buried in a national cemetery. There are no charges for opening or closing the grave, for a vault or liner, or for setting the marker in a national cemetery. For more information, visit the Department of Veterans Affairs (p. 104) at www.cem.va.gov.