



# Consumer Issues

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*Key points to remember when shopping from home.*

- Know who you are dealing with. Find out the seller's location and reputation.
- Protect your privacy. Provide personal information only if you know who is collecting it, why they are collecting it, and how the information is going to be used.
- Pay the safest way. Know the different options for paying and use the one that offers the best protection.
- Know what you are buying. Get a complete description and all terms of the transaction. If you are buying a used item, check to make sure it meets safety standards.
- Think it through. Do not act on impulse or because of pressure.
- Know who to complain to. Find out what government agencies, industry organizations or other groups can help you if you have a problem. The Federal Trade Commission offers an on-line complaint form available at: <http://www.ftc.gov/ftc/complaint.htm>.



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## National Consumer Protection Week February 13-19, 2000

National Consumer Protection Week (NCPW) is February 13-19. This week is set aside to raise awareness of consumer protection and education efforts being made throughout the U.S. The 2000 theme, "Armchair Armor: Shopping Safely From Home," addresses the growing technological advances and issues that allow today's consumers to conveniently shop from home. Shopping from home includes on-line/e-commerce, telemarketing, mail order, door-to-door, and yard sales/flea markets. Consumers need to know the rules and tools that will protect them from fraudulent offers and unsafe products as con artists and unprincipled business folks are always looking for ways to make a fast buck.

*Selling is quite easy if you  
work hard enough at it.*

For more information about National Consumer Protection Week, go to: <http://www.consumer.gov/ncpw>

## Social Security Statements: From Requests to Automatic Mailings

Since 1988, 37 million Americans have requested a copy of their social security statement by completing a Request for Earnings and Benefit

Estimate Statement Form. In October 1999, the Social Security Administration (SSA) began an automatic, annual mailing of Social Security Statements to American workers ages, 25 and older, who are not receiving Social Security benefits. Workers will receive an updated statement each year, about three months before their birthday.

According to SSA, the 4-page statement is intended to help workers with financial plans by providing estimates of their retirement benefits at three ages (62, 67, and 70 or later). In addition, there will be an estimate of your disability benefits and your survivor's benefit if you become disabled or die.

You can still request a statement at any time if the need arises. A statement sent at your request will be highlighted in blue. Annual statements sent automatically about 3 months before your birthday will be highlighted in green.

### What Should You Do With the Statement?

- Read the statement carefully to make sure it is accurate. Pay special attention to your name, social security number, date of birth, and your earnings record.
- File the statement with important papers or in a folder labeled *Social Security*.
- Consider sharing and discussing the statement's content and filing location with your spouse or adult children who may be responsible for handling your personal matters in the event of illness or death.



For additional information, contact Social Security at 1-800-772-1213 or visit your local office. People who are deaf or hard of hearing can call TTY (1-800-325-0778). Internet users can access a sample statement and explanation at <http://www.ssa.gov/mystatement>.

## Electronic Transfer Accounts May Be Coming to Your Neighborhood Soon

The Electronic Transfer

Account (ETA<sup>SM</sup>) is a low-cost account that gives Federal payment recipients,

particularly those without a financial account, an opportunity to receive their payments through electronic funds transfer or direct deposit. Eligibility extends to all Federal payment recipients who receive Social Security, Supplemental Security Income (SSI), veteran's benefits, Federal employee salary or retirement, military salary or retirement, and Railroad Retirement payments.



### Key features of the ETA are

- a monthly fee not exceeding \$3.
- a minimum of four cash withdrawals and four balance inquiries per month to be included in the monthly fee through any combination of proprietary automated teller machine (ATM) transactions and/or over-the-counter transactions.
- no minimum balance, except as required by Federal or State law.
- a monthly statement.
- access to the financial institution's on-line point-of-sale (POS) network, if available.
- either an interest-bearing or non-interest bearing account, at the option of the financial institution.
- the same consumer protections that are available to other account holders at the financial institution.

You can determine if a bank in your area is offering ETAs by going to: <http://www.eta-find.gov/index.html>. At this website, you can search by financial institution, zip code, city and state, and metropolitan area. (At this writing, the only PA metro area with banks offering ETAs was Philadelphia. The list is updated as more banks offer this account.) Of course, you can always call local banks to see if they offer ETAs.

To learn more about ETAs, visit the Financial Management Service site at <http://www.fms.treas.gov/eta>.

Source: EFT Exchange, August 1999. Electronic Fund.

### Cancelled Checks: A Thing of the Past



Are cancelled checks becoming history? According to the Federal Reserve, paper checks are still the

currency of choice. Even with the increase in consumers' use of credit cards, debit cards and electronic fund transfers, the majority of retail payments in 1998 were made using paper checks. By 2020, two decades into the next century, or perhaps before, retail payments by check may be a rare event. You don't think so? Well, let's examine changes that might have occurred with your own bank. During the past three years, has your bank

- ✓ added a fee to a basic account to return paper checks?
- ✓ increased the fee to return cancelled checks?
- ✓ introduced a service where images of your canceled checks are made and returned?
- ✓ offered a safe-keeping option which allows you to get copies of selected canceled checks as needed to prove payment?
- ✓ offered free access to your checking or savings account by the Internet?

- ✓ offered bill payment of occasional bills by accessing your checking account by the Internet?
- ✓ offered automatic bill payment for recurring monthly bills such as mortgage payments or utilities?

Banks across the country appear to be phasing out customers' use of paper checks or weaning them into accepting electronic means of payment. Are you adapting to the changes or are you



still holding on to paper checks? Chances are you are doing a little of both. If you are doing one or more of the following, you may be on the road to accepting more forms of electronic payment.

- ✓ Use an automated teller machine one or more times each month.
- ✓ Use your credit card to pay an occasional bill by telephone.
- ✓ Use your credit card to pay for groceries and nearly all other purchases.
- ✓ Preauthorize deposits such as direct deposit of your paycheck.
- ✓ Preauthorize payments for recurring bills in regular (mortgage) or irregular amounts (telephone). (With the increasing cost of first class postage stamps, preauthorizing bill payments is an economical choice for many).
- ✓ Use a debit card more frequently than writing a check.

Resources: "Canceled Checks On The Way Out," The News & Observer, (Raleigh, NC), September 5, 1999. Remarks by Vice Chair Alice M. Rivlin at the Bank Administration Institute's Symposium on Payments System Strategy, September 28, 1998 (<http://www.federalreserve.gov/boarddocs/speeches/1998/19980928.htm>)

## Electronic Banking Basics

Electronic banking, also known as electronic funds transfer (EFT), uses computer and electronic technology as a substitute for checks and other paper transactions. EFTs are initiated through devices such as cards or codes that you use to gain access to your account. Many financial institutions use an automated teller machine (ATM) card and a personal identification number (PIN) for this purpose. The federal Electronic Funds Transfer Act (EFT Act) covers some consumer transactions.



EFT offers several services that consumers may find useful given today's lifestyles:

- *Automated Teller Machines (ATM) or 24-hour Tellers* are electronic terminals that let you bank almost any time. To withdraw cash, make deposits, or transfer funds between accounts, you generally insert an ATM card and enter your personal identification number (PIN). Some ATMs impose a surcharge or usage fee on consumers who are not bank customers or on transactions at remote locations. ATMs must disclose the surcharge on the terminal screen or on a sign next to the screen.

Check the rules of your institution to find out when or whether there are surcharges.

- *Direct Deposit* lets you authorize specific deposits, such as paychecks and social security checks, to your account on a regular basis. You also may preauthorize direct withdrawals so that recurring bills, such as insurance premiums, mortgages, and utility bills, are paid automatically.
- *Pay-by-Phone Systems* let you telephone your financial institution with instructions to pay certain bills or to transfer funds between accounts. You must have an agreement in advance with the institution to make such transfers.
- *Personal Computer Banking* allows you to conduct many banking transactions electronically via your personal computer. For instance, you may use your computer to view your account balance, request transfers between accounts, and pay bills electronically.
- *Point-of-Sale Transfers* allow you to pay for retail purchases with an EFT (or "debit") card. In some instances, this card may also be your ATM card. This is similar to using a credit card, but with one important exception: the money for the purchase is transferred immediately — or very shortly — from your bank account to the store's account. An increasing number of merchants are accepting this type of payment.

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Source: Federal Trade Commission website: <http://www.ftc.gov/bcp/online/pubs/credit/elbank.htm>

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<http://AgExtEd.cas.psu.edu/FCS/cimenu.html>

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