



# Consumer Issues

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## Prepaid Debit Cards for Today's Teens

Visa and MasterCard are two of several companies that recently introduced the "parent-controlled reloadable payment card." The prepaid debit card, targeted at teenagers aged 13 to 17, is marketed as a way for parents to teach teens financial responsibility. Considering that today's teens spend nearly \$160 billion each year on goods and services, the prepaid debit card seems like a good idea. Supporters say the cards are a convenient way for teens to always have access to money without actually having to carry around large amounts of cash.

How the prepaid debit card works:

- ✓ The card is activated when funds are deposited into an account at a participating financial institution.
- ✓ The card, endorsed with the teenager's name, can be used the same as a credit card, including on-line and at ATM machines.
- ✓ Parents can monitor their teen's spending habits through the Internet or a toll-free number.

Currently there are four prepaid debit cards on the market:

- ✓ Cobaltcard ([www.cobaltcard.com](http://www.cobaltcard.com))
- ✓ CPA college debit card (available only to members of College Parents of America) ([www.collegeparents.org](http://www.collegeparents.org))
- ✓ PocketCard ([www.pocketcard.com](http://www.pocketcard.com))
- ✓ Visa Buxx card ([www.visabuxx.com](http://www.visabuxx.com))

## What's Inside

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Before signing up for a prepaid debit card, there are several things to consider about the card:

- ✓ Where can the card be used or accepted?
- ✓ Are there any hidden fees? (charges for depositing money, using ATMs, etc.)
- ✓ What happens if the card is lost or stolen?

Opponents of the card say that it makes credit cards seem more appealing to teens and encourages credit card debt. Instead, parents should teach their teens how to be financially responsible. The Visa Buxx card addresses this issue by providing parents with educational materials to help them discuss money management with their teens.

*Your interest should be in your future, you're going to spend the rest of your life there.*

**Tips for talking to your teens about managing money:**

- **Approach** discussions with a positive attitude.
- **Do not** bring up past financial disagreements.
- **Make sure** they know they can always ask you for financial advice, information, and help.
- **Encourage** and show them how to save money.

**Sources:**

Singletary, M. "The Color of Money." *Washington Post*, August 20, 2000, H01.

Dugas, C. "Teens Need Some Training Wheels." *USA Today*, August 18, 2000, 3B

### Giving to Charities

Charitable organizations solicit year-round for contributions. However, it seems that many charities increase their solicitations during the last two months of the year. Two possible reasons this increase occurs is: 1) it is the traditional holiday season and some people may be more generous and 2) others may be looking for a place to make that final tax-deductible contribution before the tax year ends.

If you have any questions about the law, or wish to report a fraudulent or deceptive solicitation practice, please contact the Bureau of Charitable Organizations.

**By Phone:**

1-800-732-0999 (within PA)

717-783-1720 (outside PA)

**In Writing:**

Bureau of Charitable Organizations

P.O. Box 8723

Harrisburg, PA 17105

**Website:**

<http://www.dos.state.pa.us/charity/index.htm>

### Tips on Charitable Giving

- Never give to a charity you know nothing about.
- Don't feel guilty about not supporting all the charities that ask you for a contribution.
- Request written information from the charity regarding its programs and finances.
- Don't feel pressured to give on the spot or to allow someone to enter your house to pick up a contribution.
- Do not donate over the phone unless you are familiar with the organization.
- Hang up on aggressive and harassing solicitors.
- Never give cash, credit card numbers, or bank account numbers; always write a check payable to the charity so you have a record of your donations.
- Ask who will benefit from your contribution.
- Find out if your contribution is tax-deductible.
- Don't make assumptions when you hear words like "police" or "firefighter" in an organization's name. Although an organization claims it has local ties or works with local police or firefighters, it doesn't necessarily mean contributions will be used locally.
- If solicited in person, always ask to see the solicitor's identification.
- Be aware of statements such as "every penny will go to the charity." All charities have expenses, so check carefully and know where your money goes.



## Shopping on the Web—some considerations.

Rather than turning the ignition key in their auto to go shopping at the local mall, more consumers are turning to the mouse to point and click their way through the cyber mall. Shopping on the Internet has its advantages and disadvantages. A few advantages of shopping via the Internet include avoiding traffic and parking problems, no packages to carry, you can shop for shorter periods of time, and no overzealous salespersons to help you make decisions. There are disadvantages of shopping online. The biggest concern for many consumers deals with issues of protecting their credit card number and getting the merchandise they paid for. Some tips to keep in mind when shopping on the Internet are listed below.

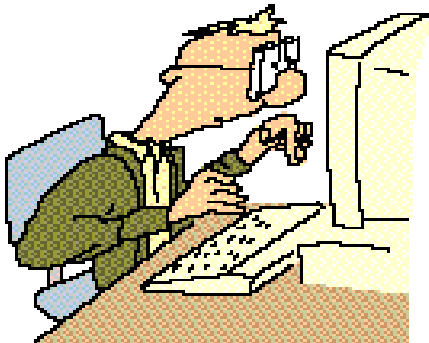
**Read** about the company before buying if the seller is unfamiliar. Look under the “about us” section on the company’s Web page.

**Buy** only from very familiar companies you have shopped with in the past.

**Look** for reliable endorsement seals on the home page such as the Better Business Bureau.

**Check** the methods and prices for shipping.

**Read** the seller’s privacy policy. “Opt-out” of additional mailings if you don’t want to receive other offers.



## Making a Secure Purchase

Make sure the Web site is encrypted or scrambled so the personal information cannot be easily intercepted. Do not send your credit card number in an e-mail message. E-mails are not secure.

*Ways to tell if the Web page you are entering information on is secure:*



A notice pops up on the screen that says the site is secure.



A closed lock or unbroken key appears in the bottom corner of your screen, or



The first letters of the Internet address of the page you are viewing changes to “https.”

Many sellers allow you to call or fax credit card numbers.

## Placing Orders

To ensure that you receive the right merchandise at the desired price:

- **Understand** if the product is new, used, or reconditioned.
- **Compare** the prices of several on-line stores for items you are considering. Web sites that can be helpful in comparison shopping are [www.mysimon.com](http://www.mysimon.com) and [www.consumerworld.org](http://www.consumerworld.org).
- **Check** product availability. Is it in stock or how long is the wait?
- **Check** the total price including shipping and taxes.
- **Print** a copy of your order confirmation screen and e-mail for any additional confirmations.

Source: *The Consumer Action Handbook, 2001 Edition.*

## Social Security Numbers—Suggestions for Protecting Yours

How many times have you been asked to provide your Social Security number (SSN)? It happens almost daily—when you check-in for doctor's appointment, when you call financial institutions that you have accounts, and when you apply for instant credit at stores. Many times they are verifying that you are you. Other times it may seem totally unnecessary that the asker needs your SSN. Before giving your Social Security number, ask the following questions:

- Why do you need my SSN?
- How will my SSN be used?
- What will happen if I don't give you my SSN?
- What law requires me to give you my SSN?

Having answers to these questions will help you decide if you want to give your SSN to the requestor. Finally, many times you are asked to repeat your Social Security number when others are within hearing distance. Printing your number for the requestor rather than verbally stating it is one additional precaution you can use to safeguard your number.

*Source: ID Theft: When Bad Things Happen to Your Good Name. Federal Trade Commission, August 2000.*

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## Pennsylvania Sales Tax Holiday on Personal Computers

February 18–25, 2001

If you missed the chance in August to purchase a computer tax-free, you will have a second opportunity February 18–25, 2001. Any individual may buy a personal computer tax-free at retail stores in the Commonwealth, through the mail, or over the Internet, provided the computer is for nonbusiness use and all hardware and software are purchased in the same transaction.

"Tax-free" means that no PA Sales or Use Tax applies to the price of a personal computer. In Philadelphia or Allegheny Counties, there is no 1 percent Local Sales or Use Tax either.

The purchase of a personal computer is tax-free only during the exemption period. The second exemption period lasts from February 18, 2001 until, and including, February 25, 2001 (first period was 8/6–13/00). The law states that an individual must either pay the purchase price and take delivery during the exemption periods or place an order and pay during the exemption periods, even if delivery takes place later.

For more details about the PC sales tax holiday, call 1-888-PATAXES (1-888-728-2937) or go to: <http://www.state.pa.us/taxfreepc/pcsutholiday.htm>

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This file may be accessed electronically at:  
<http://AgExtEd.cas.psu.edu/FCS/cimenu.html>

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