



# Consumer Issues

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## Holiday Foreign Travel and Credit Cards

Do you have plans to travel outside of the United States for the holidays or in the near future? Are you planning to use your credit card on the trip? Weeks before you leave, review your credit card features and write down the emergency contact number for the **country** you will be visiting. You can obtain this number directly from your card issuer, or it may be available on their web site. Call the card issuer and alert them of your travel plans. This is especially important if this is your first trip out of the U.S. Why should you do this? Credit card issuers monitor credit card activity, i.e., the daily purchases you make. If unusual activity is noted, your account may be blocked so additional charges cannot be made until you are contacted to verify the charges. Other tips to consider before you leave for travel outside the U.S. include:

Check your card's expiration date.

Memorize your Personal Identification Number (PIN).

Test your PIN before you travel, especially if the PIN is new or one you seldom use.

Photocopy the front and back of your credit card(s) and keep this record separate from your card. Also keep a record of the financial institution that issued your credit card, including telephone number, address, and emergency contact details.

Review your available credit line so you know what is available for charges on your card.

Reference: <http://www.visa.com/ct/travel/plan/card.html>.

## What's Inside

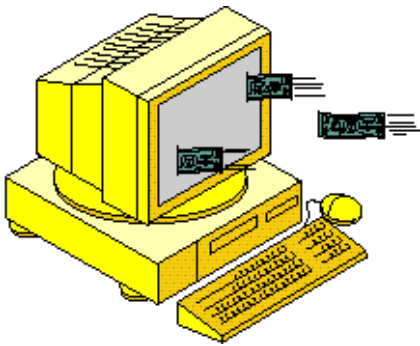
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## Holiday Gift Giving

Each month of the year, there is at least one thing most families can celebrate, whether it is a birthday, special family event, or a national holiday. The end-of-the-



year holiday celebrations often involve the exchanging of gifts among family and friends. Perhaps this year is a time to reconsider your gift-giving traditions. Are the people on your list in need of a new "item?" Is there someone else who could benefit more from a gift? Perhaps the person is unknown to you. Perhaps a gift of your time would be priceless to someone in your community. Talk with your family about gift giving. Maybe someone has an idea how to make this year's holiday giving meaningful and fun for givers and recipients.



### **Avoiding the Hazards of Online Holiday Shopping**

If your holiday preparations include shopping online, remember a few safety rules to avoid hazards that could jeopardize your plans.

Deal with reputable companies that you know. Companies that have retail stores near you or catalog companies that you have shopped from before are good choices.

Protect your private information. Before giving information such as your credit card account number, make sure the web site is secure. Look for a closed padlock on the lower portion of your computer screen.

Understand your payment options. Credit cards may be commonly used. Other options such as payment by check or through online payment services are also available.

Understand the shipping and handling charges, return policy, and other details that are important to know in case you have to return an item.

Finally, make sure you print and keep a copy of the online confirmation of the transaction.

Source: FDIC Consumer News, Summer 2001.

### **Consumer Sentinel Database**

Consumer Sentinel is a database operated by over 300 law enforcement officials in the United States, Australia, and Canada. This cooperative effort of collecting complaints helps officials identify fraud and identity theft trends faster. Information about the latest fraud attempts and crime prevention techniques can be accessed online (<http://www.consumer.gov/sentinel/>). In addition, consumers can report suspected cases of fraud.

### **New Single Nationwide Phone Number for Poison Control**

The American Association of Poison Control Centers has established a single number for people to use to reach their local poison control center.

The new number is 800-222-1222.

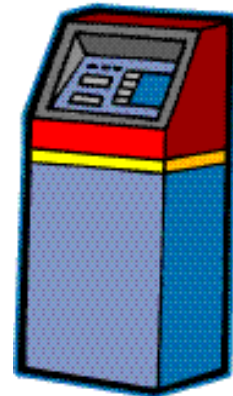
When people call it, a computer checks their area code and first three digits of the phone number and connects the caller to their nearest poison control center.  
<http://www.aapcc.org/>



### **Mandatory Disclosure of ATM Fees**

If you use an ATM, or automated teller machine, operated by a financial institution where you do not have an account, you must be notified early in a transaction of fees charged to noncustomers. The intent of the early notice is to give non-customers a chance to end the transaction. The notice may be posted on the ATM as well as provided on the screen during the beginning of the transaction. These new Federal Reserve Board Rules became effective on March 9, 2001. However, compliance was not mandatory until October 1.

Source: FDIC Consumer News, 2001.



## How the SEC Rulemaking Process Works

Rulemaking is the process by which federal agencies implement legislation passed by Congress and signed into law by the President. There are many federal agencies. A few common ones are the Federal Trade Commission, The Social Security Administration, the Internal Revenue Service, The Consumer Product Safety Commission, and the Securities and Exchange Commission (SEC). The following example, using the SEC, shows the rulemaking process for one federal agency.



Major pieces of legislation, such as the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Company Act of 1940, provide the framework for the SEC's oversight of the securities markets. These statutes are broadly drafted, establishing basic principles and objectives. Then, as the securities markets evolve technologically, expand in size, and offer products and services, the SEC engages in rulemaking to maintain fair and orderly markets and to protect investors by changing regulations or creating new ones. Rulemaking can involve several steps: concept release, rule proposal, and rule adoption.

**Concept Release:** The rulemaking process usually begins with a rule proposal, but sometimes an issue is so unique and/or complicated that the Commission seeks public input on which, if any, regulatory approach is appropriate. A concept release is issued describing the area of interest and the Commission's concerns. Different approaches to addressing the problem are identified and a series of questions are asked to seek the views of the public on the issue. The public's feedback is taken into consideration as the Commission decides which approach, if any, is appropriate.

**A penny saved is  
a penny gained.**

**Rule Proposal:** The staff of the SEC drafts a detailed formal rule proposal and presents it to the full Commission. Unlike a concept release, a rule proposal is specific in its objectives and methods for achieving its goals. Following approval by the Commission, the rule proposal is presented to the public for a specified period of time, typically between 30 and 60 days for review and comment. Input once again is considered, as a final rule is crafted.

**Rule Adoption:** Finally, the staff of the SEC presents a final rule to the full Commission for its consideration. If adopted, the measure becomes part of the official rules that govern the securities industry. If the rule is a major rule, it may be subject to congressional review and veto prior to implementation.

<http://www.sec.gov/asec/wwwsec.html>

## Victims of 9/11 Attacks Get Relief on College Loans

College loans borrowers affected by the September 11 events in New York, Washington, and Pennsylvania will be able to postpone or reduce payments on federal college loans under an agreement between banks and the U.S. Department of Education. The department has instructed banks to postpone or reduce payments until January 31, 2002. Borrowers who need an extension may request it in writing.

Loan default collections for borrowers in the New York City area will also be put on hold automatically until January. Affected borrowers in other areas may have default proceedings delayed but they must make a request through their bank. Borrowers in the Federal Family Education Loans, Federal Perkins Loan Program and the William D. Ford Federal Direct Loan Program are covered by this relief effort. For additional information on this topic, call 800-433-3243.

Source: Black Issues in Higher Education. October 11, 2001. Volume 19, No. 17.

### Credit Card Costs

Savvy shoppers of credit cards know that the annual percentage rate (APR) is a key thing to consider when looking for credit cards. The higher the APR, the more it will cost you to use a credit card if you do not pay monthly bills in full. By law, since 1989, key facts about the cost of credit cards (i.e., the annual percentage rate, grace period, and annual fee, etc.) must be disclosed in The Schumer Box on marketing literature (see example). Effective October 1, 2001, the APR for purchases must also be presented in 18 point type, **which is this large.**

**APR**

The APR is a key factor. However, the cost of a credit card can also be increased by the fees that most lenders have added to credit cards. If you have not examined the fees associated with your card lately, take the time now to read the fine print with a magnifying glass or by enlarging the information about fees on the back of a monthly statement. You'll be glad you did. Fees to look for include the annual fee, balance transfer fees, cash advance fees, late payment fees, and fees for sending in less than the stated minimum monthly payment amount.

### Schumer Box

|   |  |
|---|--|
| Annual fee  | None.  |
| Annual Percentage Rate (APR) for purchases  | <b>16.99% APR.</b>   |
| Other APRs  | Balance Transfer and Cash Advance APR is 16.99%. 3.9% Introductory APR for Balance Transfers and Credit Card Cash Advance Checks through your first six statement closing dates, or earlier if your payment is late; after that, 16.99%.   |
| Grace period for repayment of balance for purchases                                       | At least 25 days, if each month, we receive payment in full or your New Balance Total by the Payment Due Date.   |
| Method of computing the balance for purchases   | Average Daily Balance (including new transactions).  |
| Transaction fees for cash advances and fees for paying late or exceeding the credit limit | Transaction fee for Bank and ATM cash advances: 3% of each cash advance (minimum \$5). Transaction fee for credit card cash advance checks and balance transfers: 3% of each cash advance (minimum \$5, maximum \$30).<br>Late-payment fee: \$19. Over-the-credit-limit fee: \$19. |
| Transaction fee for purchases   | Transaction fee for the purchase of wire transfers, person-to person money transfers, money orders, bets, lottery tickets, and casino gaming chips: 3% of each such purchase (minimum \$5).  |

Written by:

*Cathy F. Bowen*

Cathy F. Bowen, Ph.D.  
State Extension Specialist Consumer Issues  
Department of Agricultural and Extension Education  
(814) 863-7870 Internet: cbowen@psu.edu

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