

ADDITIONAL RESOURCES

For additional information on benefits and programs available to veterans, visit:

DEPARTMENT OF VETERANS AFFAIRS

The government's official VA website
va.gov

USA.GOV

A government-sponsored clearinghouse of benefits and services for veterans
usa.gov

AMERICAN JOB CENTER

A roundup of employment resources for veterans
jobcenter.usa.gov

CONSUMER FINANCIAL PROTECTION BUREAU

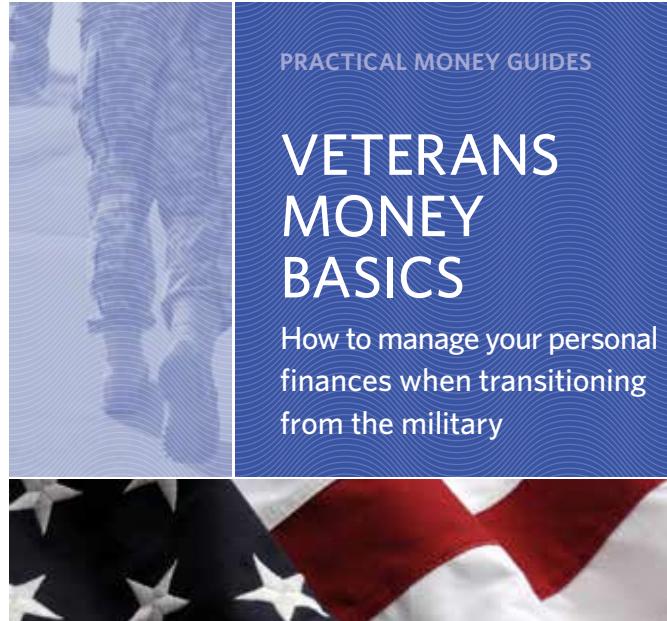
The government agency that oversees consumer financial products and services
consumerfinance.gov

MILITARY ONESOURCE

A confidential, Defense Department-funded organization that provides comprehensive information on every aspect of military life
militaryonesource.mil



Veterans Financial Coalition



COMING HOME TO FINANCIAL SUCCESS

As you prepare to transition into civilian life after serving in the armed forces, chances are you'll have questions about how to ensure your family's future. This guide provides an overview of several important financial topics of interest to veterans and links where you can find additional resources.

VETERANS PRACTICAL MONEY GUIDES

- BUDGET BASICS
- CREDIT HISTORY
- CREDIT CARD BASICS
- DEBIT CARD BASICS
- PREPAID CARD BASICS
- IDENTITY THEFT
- VETERANS MONEY BASICS

Understanding how to manage your finances provides an invaluable tool in taking control of your life. Wise use of these skills can provide peace of mind, financial freedom, increased buying power and a secure future. This guide is one of a series on **PRACTICAL MONEY SKILLS FOR LIFE.**

Practical MoneySkills
for Life



Veterans Financial Coalition

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Tax Breaks for Veterans

Special tax benefits are available to veterans, including:

- **Job hunting deductions.** When transitioning to civilian life, you may be able to deduct costs related to job searches, including travel, resume preparation and outplacement agency fees, and certain moving expenses. (See [IRS Publication 463](#) for details.)
- **Exclusion of veteran benefits.** Numerous veterans' benefits are excluded from federal taxable income including: education, training and subsistence allowances; disability compensation and pension payments for disabilities paid to veterans or their families; grants for homes designed for wheelchair living; grants for motor vehicles for veterans who lose their sight or use of limbs; payments made under the compensated work therapy program.
- **Social Security payroll reduction.** For Social Security tax purposes, military retirement pay is not considered earned income and no Social Security payroll taxes (FICA) will be withheld.
- **Property taxes exclusion.** More than half of U.S. states exempt qualified disabled veterans from some or all property taxes. (See [this article](#) for a list or check your state government's website.)

The IRS's [Armed Forces' Tax Guide](#) provides an excellent summary of many important military-related tax topics.

Retirement Savings Options

Many military personnel participate in the [Thrift Savings Plan \(TSP\)](#), a government-sponsored program that lets you save toward retirement on a tax-deferred basis; that is, you won't pay taxes on your contributions or their investment earnings until you withdraw the money.

When you leave the military, you must decide what to do with your TSP balance. You can:

- Leave your money in the plan – although you can no longer make contributions;
- Roll over your balance into your new employer's plan – typically a 401(k) plan, which shares many features of the TSP;
- Roll it over into an Individual Retirement Account (IRA); or
- Withdraw the cash value of your account.

Although the last option may sound appealing if you're short on cash, beware: If you withdraw money from the TSP before age 59 ½, you have to pay federal (and possibly state) income tax on the distribution and a 10 percent early withdrawal penalty. Plus, you'll lose the long-term earnings potential of leaving your account untouched until retirement.

Consult with a financial professional before taking action. The government-sponsored [National Resource Directory](#) provides links to money management and financial counseling programs – many of which are free or offered on a sliding scale.

Transitioning to Civilian Life

The government provides numerous programs designed to ease the transition to civilian life, such as [Transition GPS](#) (Goals, Plan, Success), which all service members leaving the military are required to attend.

The program's many features include:

- **Pre-separation assessment and individual counseling** to discuss career goals and begin the transition process.

- **Five-day core curriculum**, which includes a financial planning seminar, workshop on veterans' benefits and services, and employment workshop for entrance into the civilian workforce.
- **Two-day optional career-specific curriculum** for those pursuing a higher education degree on the [Post 9/11 GI Bill](#), technical training and certifications, licenses and apprenticeships, or entrepreneurship.

The entire Transition GPS curriculum is available at military installations worldwide, and can also be accessed [online](#).

COMMON SHORT-TERM, HIGH-INTEREST LOANS INCLUDE:

PAYDAY LOAN A short-term loan, also known as a cash advance loan or check advance loan, where someone borrows a small amount at a high interest rate. Typically, the borrower writes a post-dated check for the loan amount plus a fee in exchange for cash. The lender cashes it on the agreed-upon date, usually the borrower's next payday. Rates are capped at 36 percent for military families (still extremely high), but others commonly pay annual percentage rates of up to 400 percent.

CAR TITLE LOAN A short-term loan (usually less than 30 days) where the borrower's car title is used as collateral. The borrower must own the car outright. If the loan is not repaid, the lender can take ownership of the car and sell it to recoup the loan amount. Rates can be deceiving: when annualized, a one-month loan advertised at 25 percent is actually 300 percent.

PAWNSHOP These businesses (or individuals) offer secured loans to people who use personal property as collateral. Depending on what state you live in, the interest rate might be five to 25 percent, per month – annualized, that's 60 to 300 percent. If you can't repay the loan on time, your property will be sold.

The **Consumer Financial Protection Bureau** now has oversight of payday lenders that target military personnel. Military OneSource ([militaryonesource.mil](#)) also has a helpful guide to **Avoiding Money Traps**.

High-Cost Lending Programs

Though military benefits are great, nobody expects to get rich serving in the military. On the contrary, some military families struggle with personal finances, leaving them more susceptible to high-cost lending schemes like payday loans, car title loans and pawn shops.

Although the [Military Lending Act](#) protects active duty, active guard and reserve personnel and their families, those legal protections are not extended to veterans. Therefore, it's important to be aware of how these products work so you won't be put at financial risk.



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ADDITIONAL RESOURCES

For more information on creating and maintaining a budget, visit

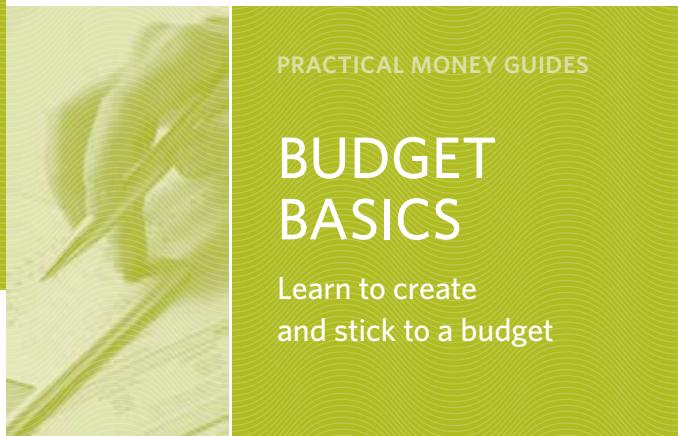
www.practicalmoneyskills.com/budgeting

For an online Budget Worksheet that calculates the figures for you, visit

www.practicalmoneyskills.com/budgetplanner

For additional online calculators, visit

www.practicalmoneyskills.com/calculators



PRACTICAL MONEY GUIDES

BUDGET BASICS

Learn to create and stick to a budget



IT'S EASY TO CREATE A BUDGET THAT WORKS FOR YOU

A budget can help you pay your bills on time, cover unexpected emergencies, and reach your financial goals—now and in the future. Most of the information you need for your budget is already at your fingertips. This guide explains how to create a budget and stick to it.

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CREATE YOUR BUDGET

This worksheet will help you get a clear picture of your monthly finances. It will also act as a starting point for your budget. To complete it, follow the simple steps outlined below.

1. QUESTION YOUR NEEDS AND WANTS What do you want? What do you really need? Evaluate your current financial situation. Take a look at the big picture. Make two lists – one for needs and one for wants. As you make the list, ask yourself:

- Why do I want it?
- How would things be different if I had it?
- What other things would change if I had it? (for better or worse)
- Which things are truly important to me?
- Does this match my values?

2. SET GUIDELINES We all have different budgets based on our needs and wants. But the Building a Budget chart on the next page shows some guidelines on how much should go toward different expenses. You may need to make adjustments for a daily latte fix or visits to family, but remember to subtract amounts from other areas if you do.

3. ADD UP YOUR INCOME To set a monthly budget, you need to know what's coming in. Make sure you include all sources of income such as salaries, interest, pension, and any other income sources.

4. ESTIMATE EXPENSES The best way to do this is to keep track of how much you spend each month. Categorize spending depending on your needs and wants. Use the Budget Worksheet in this guide as a starting point.

5. FIGURE OUT THE DIFFERENCE Once you've created your budget, keep records of your actual income and expenses. This keeps you aware of the difference between what you budget and actually spend.

BUILDING A BUDGET

This chart shows some rough guidelines on how much of your income should go toward different expenses. If you live in an area where transportation is higher than normal or rents/mortgage are higher, you may need to make adjustments. Also, if you would like to add a section for gifts, or something else, then you'll need to subtract from another area.

| | |
|-----|----------------|
| 30% | HOUSING |
| 18% | TRANSPORTATION |
| 16% | FOOD |
| 8% | MISCELLANEOUS |
| 5% | CLOTHING |
| 5% | MEDICAL |
| 5% | RECREATION |
| 5% | UTILITIES |
| 4% | SAVINGS |
| 4% | OTHER DEBTS |

6. TRACK, TRIM AND TARGET Once you start tracking, you may be surprised to find you spend hundreds of dollars a month on eating out or other flexible expenses. Some of these are easily trimmed. Cutting back is usually a better place to start than completely cutting out. Be realistic. It will help you to be better prepared for unexpected costs.

The SMART Way to Trim Expenses

In finding ways to trim flexible expenses, it helps to have a goal to save toward each month. Setting such a goal needs to be SMART:

SPECIFIC Smart goals are specific enough to suggest action. Example: Save enough to visit Rome for your wedding anniversary. Not just "save money."

MEASURABLE You need to know when you achieved your goal or how close you are. Example: A trip to Italy costs \$2,000, and you have \$800 saved.

ATTAINABLE The steps toward reaching your goal need to be reasonable and possible. Example: I know I can save enough money each week to purchase that trip to Italy.

RELEVANT The goal needs to make sense. You don't want to work toward a goal that doesn't fit your need. Example: We would like to stay in four-star hotels in celebration of our anniversary.

TIME-RELATED Set a definite target date. Example: I want to go to Italy by next summer.

BUDGET WORKSHEET

| Monthly Net Income | |
|---------------------|----|
| Income #1 | \$ |
| Income #2 | \$ |
| Interest | \$ |
| Other | \$ |
| TOTAL INCOME | \$ |

| Monthly Flexible Expenses | |
|--------------------------------|----|
| Food | \$ |
| Entertainment | \$ |
| Debt Payments | \$ |
| Other | \$ |
| TOTAL FLEXIBLE EXPENSES | \$ |

| Monthly Fixed Expenses | |
|-----------------------------|----|
| Housing | \$ |
| Groceries | \$ |
| Utilities | \$ |
| Transportation | \$ |
| Health | \$ |
| Other | \$ |
| TOTAL FIXED EXPENSES | \$ |

| | |
|-----------------------|----|
| TOTAL EXPENSES | \$ |
|-----------------------|----|

(add flexible and fixed expenses)

| | |
|---|----|
| TOTAL MONTHLY INCOME | \$ |
| TOTAL MONTHLY EXPENSES | \$ |
| TOTAL FOR SAVING & INVESTING | \$ |

It's a good idea to check your credit reports at least once a year to see what they say about you. You can receive one free report per year from each credit bureau (listed on the back) by ordering them through www.annualcreditreport.com. Or, for a minimal charge, you can order additional copies from year bureau directly. Note: If you have been denied credit in the past 60 days, you have the legal right to receive another free copy of your report from the bureau that issued it.

CREDIT BUREAUS

EQUIFAX

Report Order: 1.800.685.1111
Fraud Hotline: 1.888.766.0008
www.equifax.com

EXPERIAN

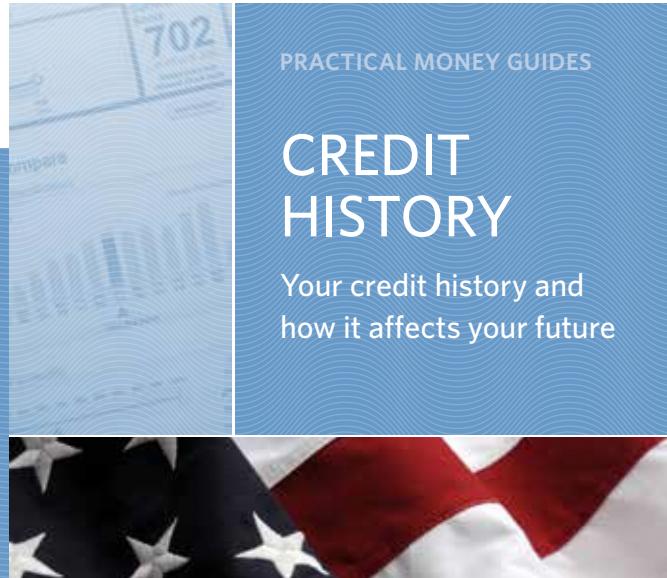
Report Order: 1.888.397.3742
Fraud Hotline: 1.888.397.3742
www.experian.com

TRANS UNION

Report Order: 1.877.322.8228
Fraud Hotline: 1.800.680.7289
www.tuc.com



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YOUR CREDIT HISTORY — THE RECORD OF HOW WELL YOU HANDLE CREDIT

To get a glimpse of your financial future, many businesses look at your financial past. This history is contained in your credit report. Your credit report determines everything from whether you qualify for a loan and the rate you'll pay on that loan, to renting an apartment and obtaining car insurance. This guide explains what credit bureaus are, why your credit history matters, and how to correct credit report errors and keep your credit rating strong.

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What Is a Credit History?

Your credit history is a financial profile. It lets lenders, landlords and employers know how you have managed money in the past and helps them decide whether or not to do business with you. This history is contained in a credit report that is kept on file by the three independent credit bureaus listed on the back of this guide. It may include such information as:

- How promptly you have paid off credit cards and loans
- How well you have handled paying other bills, such as rent and utilities
- Your total outstanding debts
- How much available credit you have on credit cards and home equity loans

Who Can See Your Credit Report?

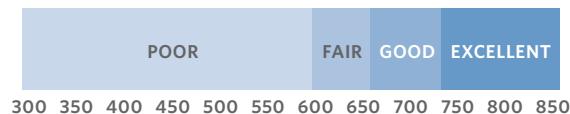
Your credit report can and most likely will be reviewed by anyone planning to give you a loan or credit, such as banks and credit unions, credit card issuers, auto financing companies, and insurance companies. Your report also may be checked by landlords and potential employers. Some lenders may also use the details in your report to determine how much credit they are willing to offer you and at what rate. Anyone with a legitimate business need can access your credit report, though an employer (or prospective employer) typically requires your written consent to do so.

Learn more about credit history and your FICO® credit scores at www.whatsmyscore.org.

Your Credit Score

When you apply for credit, lenders determine your credit risk by examining your credit scores (sometimes referred to as FICO® scores because they may be calculated using software developed by Fair Issac Corporation). Each of the three main credit bureaus – Equifax, Experian and TransUnion) – keeps credit information about you including your payment history, outstanding balances owed, length of credit history and number of recently opened accounts. They use that information to calculate your credit score.

FICO scores range from 300 to 850. The higher your score, the lower your perceived risk to the lender – and the more likely you are to receive more favorable credit terms.



To get a free estimate of your credit score, visit www.whatsmyscore.org/estimator.

How Your Credit Score Affects You

If you have a high credit score, you are more likely to be granted the credit you apply for. If you have a low credit score, you may be rejected or charged a higher rate of interest on credit you do receive. Charging higher interest rates is how banks make up for the increased risk that you may represent.

Raising your credit score can save you thousands of dollars in lower loan payments on your home, car and credit cards.

BEWARE OF “FAST FIXES” FOR ACCURATE CREDIT PROBLEMS

If you’ve had any late payments, foreclosures, or repossessions, this information stays in your credit report for up to seven years. If you’ve filed for bankruptcy, this information can stay in your report for up to 10 years.

Some companies claim they can “fix” such problems for a fee. However, it is legally impossible to alter an accurate credit history. If you find yourself in financial trouble, contact a member agency of the National Foundation for Credit Counseling (NFCC), the nation’s largest national nonprofit credit counseling network, by calling 1-800-388-2227 or visiting www.nfcc.org.

Tips to Keep Your Credit Score Strong

- Complete credit applications carefully and accurately.
- Use your credit cards responsibly and don’t let them reach their limit or spend beyond your means.
- Attempt to pay your credit card balance in full each month, but at least make the minimum payment by the due date.
- Know the dates your bills are due and always pay them on time.
- If you have problems paying your bills, contact your creditors. In many cases, they will work with you to figure out a payment plan.
- If you move, let your creditors know your new address as soon as possible to avoid losing bills or receiving them late.
- If your credit card is lost or stolen, report it immediately.
- Review your credit reports periodically for accuracy and report any errors immediately.
- Establish a consistent work history.

Checking Your Own Credit Report

It’s a good idea to check your credit report at least once a year to see what it says about you. Just contact any of the credit bureaus listed on the back of this guide. You are allowed to see your credit reports for free every 12 months. However, if you have been denied credit in the past 60 days, you have the legal right to receive another free copy of your report from the bureau that issued it.

How to Correct Credit Report Errors

If your credit report contains any mistakes, credit bureaus are bound by law to correct them at no charge, providing that you inform the bureau of the problem in writing within 30 days of receiving your report. If the investigation of your claim does not yield a satisfactory result, you may send the bureau a written statement of up to 100 words to clarify. Be sure to include photocopies or other proof to support your claim. In many cases, the bureau will have to include your statement with any future reports that contain the disputed information.

WHERE TO TURN FOR HELP WITH DEBT MANAGEMENT

There's help available when you're in trouble. If you think you're falling seriously behind, credit counseling resources are available at little or no cost.



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NATIONAL FOUNDATION FOR CREDIT COUNSELING

1.800.388.2227

www.nfcc.org

THE FEDERAL TRADE COMMISSION

<http://www.consumer.ftc.gov>

AMERICAN CONSUMER CREDIT COUNSELING

1.800.769.3571

www.consumercredit.com

PRACTICAL MONEY GUIDES

CREDIT CARD BASICS

What you need to know about managing your credit cards

TAKE CHARGE WHEN YOU CHARGE

Credit cards can be powerful financial tools for you and your family, and as with all financial tools, they need to be used carefully. This guide outlines the basics of credit cards and the responsible use of credit.

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THE CONVENIENCE OF CREDIT

Credit cards offer many features. There is the convenience of being able to buy needed items now and the security of not having to carry cash. You also receive fraud protection and in some cases rewards for making purchases.

With these advantages also come responsibilities. You need to manage credit cards wisely by understanding all of the card's terms and conditions; staying on top of payments; and realizing the true cost of purchases made with credit. Using a credit card is like taking out a loan. If you don't pay your card balance in full each month, you'll start paying interest on that loan.

Choose Wisely

The best way to maximize the benefits of credit cards is to understand your financial lifestyle – your money needs and wants. Once you determine how you'll use a credit card, it's important to understand all of the card's features including:

- Annual Percentage Rates (APRs) and whether rates are fixed or variable
- Annual, late and over-limit fees
- Credit limit on account
- Grace periods before interest begins accruing
- Rewards including airline miles or cash back

Stay Alert

Some credit card issuers offer free, personalized and automatic alert messages to your phone and email to help you keep track of:

- Available credit
- Balances
- Payment due dates
- Payment histories
- Purchase activity

Understand Your Rights

Credit cardholders are entitled to protections:

- Zero liability means you are not responsible for fraudulent charges when you report them promptly.
- In some cases, you have the right to dispute purchases with merchants for unsatisfactory products or services.

Follow the 20-10 Rule

This general "rule of thumb" helps you understand how much credit you can afford. Credit cards are loans, so avoid borrowing more than 20 percent of your annual net income on all of your loans (not including a mortgage). And payments on those loans shouldn't exceed 10 percent of your monthly net income.

Write it Out

Do you actually know how much debt you have? Many people don't. Start by making a list of everything you owe, whether it's a mortgage, a credit card or even student loans you took for the kids' education. Then write down:

- The lender name
- The amount you owe
- The term of the loan
- The interest rate and fees

Then total them up. The numbers will probably make you worry, but you've already made a positive step.

Think Three Years

Reducing debt is like losing weight. You're not going to lose 50 pounds in a month. You need realistic goals in reasonable timeframes. Same with debt. Most people take four to five years to become debt free. So aim for three years. It's not too long or too short.

Cut and Heal Spending

The best way to save money is to stop spending it. Cutting spending is the fastest way to reduce debt load. It's literally like a surgical "cut" of your finances. And once you start healing, you'll notice that your attitude, relations with others, emotions and sense of humor get better, too.

The True Cost of Credit Card Purchases

If you don't pay off your credit card balance every month, the interest assessed on your account means you may be paying more than you expect. See how much extra you might pay on a \$1,000 credit card purchase with varying interest rates.

| | | | |
|---|-------------------|-------------------|-------------------|
| TOTAL PURCHASE AMOUNT The balance due on your credit card | \$1,000 | \$1,000 | \$1,000 |
| CREDIT CARD APR The annual interest rate on your credit card | 10% | 15% | 25% |
| MONTHLY PAYMENT The minimum monthly payment | \$40 | \$40 | \$40 |
| NUMBER OF MONTHS TO PAY OFF PURCHASE AMOUNT* Time it will take to pay off the balance | 29 | 31 | 36 |
| TOTAL FINANCE CHARGE The total amount of money you will pay in interest alone | \$126.02 | \$206.50 | \$427.22 |
| TOTAL COST The final amount you will pay for your purchase | \$1,126.02 | \$1,206.50 | \$1,427.22 |

* In general, this assumes that your account has no new charges and that your Annual Percentage Rate does not change. Paying more than the minimum will considerably shorten payoff times.

HOW TO PROTECT YOURSELF AND YOUR MONEY

Once you've chosen a prepaid card or received one, it's up to you to keep your money safe. Here's how:

USE THE CARD CAREFULLY Keep track of your balance so you don't get charged a fee for trying to spend more than is available. If your wages or other benefits are deposited directly onto the card, make sure you know the amount of the deposit and when it will happen.

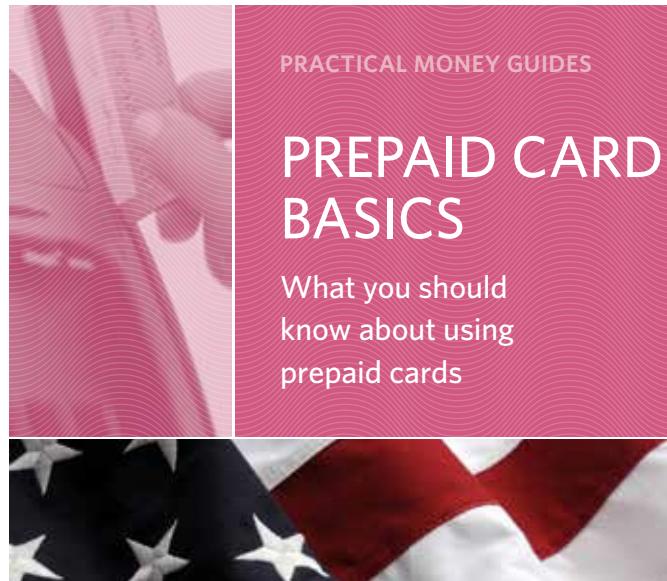
KEEP YOUR PIN SECRET Pick a number that's hard for someone else to guess – not your birthday or address. Don't tell it to anyone or write it anywhere it could be easily found.

GET THE IMPORTANT INFO Make sure you know your card issuer's policies for lost or stolen cards, and keep your card number and the customer service phone number in a safe place at home.

ACT QUICKLY If your card is lost or stolen, let the card issuer know right away. Most card issuers will freeze the funds so the card can't be used and send you a new card with your remaining balance on it.



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PREPAID CARDS — AN ALTERNATIVE TO CASH

A prepaid card is a card you load with money to make purchases anywhere a debit card is accepted. It's a safe alternative to carrying cash and paying check-cashing fees. In lieu of travelers checks, prepaid cards can be good options for traveling. They're also a popular gift-giving idea because recipients can use them for whatever they want, and they're widely accepted.

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What Are Prepaid Cards?

A prepaid card looks like a debit or credit card and similarly allows you to make purchases without cash or checks. Unlike credit cards, you cannot take on debt with a prepaid card, nor are prepaid cards linked to your bank account like debit cards.

A prepaid card has a zero balance until money is added to it. When you make a purchase with a prepaid card, the amount is subtracted from the balance on the card. Once the balance reaches zero, the card is empty. Some prepaid cards can have money reloaded on to them so they can continue to be used. Others, such as gift cards, can be discarded when all of the funds are spent.

With Prepaid Cards You Can:

- Make purchases in person, online, or by phone
- Give gifts to friends and family
- Withdraw cash from an ATM or bank
- Receive wages or funds by direct deposit to the card
- Pay bills

HOW DO PREPAID CARDS WORK?

When you use a prepaid card to make a purchase, the amount is subtracted from the balance of the card. Once the balance reaches zero, the card can be thrown away unless it is a reloadable card, in which case you can add funds and continue using it.

Many employers and government agencies use prepaid cards instead of checks to deliver wages, child support, unemployment, and other benefits.

Choosing a Prepaid Card

When choosing a prepaid card that is right for you, consider the following questions:

- Ask if you can put money on the card yourself, how to do that, and what it costs.
- Get information about where and how you can use the card.
- Find out if your prepaid card comes with monthly statements and how you can check the balance over the phone or online.
- Understand all associated fees for services like activation, monthly maintenance, balance reloading and fees to receive paper statements.

Kinds of Prepaid Cards

OPEN LOOP VS. CLOSED LOOP The two main types of prepaid cards are open loop and closed loop cards. Closed loop cards are merchant-specific, used for transactions exclusively at a particular merchant's locations. An open loop card is associated with and bears the logo of an electronic payment network, such as Visa; open loop cards are honored wherever these networks are accepted.

RELOADABLE CARDS A reloadable prepaid card is one that lets you add funds after your initial purchase. Teen cards, travel cards, and payroll cards are often reloadable.

GIFT CARDS These non-reloadable prepaid cards can be given as gifts and used until the balance is zero.

TEEN CARDS Parents can teach teens financial responsibility while monitoring their spending with teen cards.

TRAVEL CARDS Travel cards are an alternative to cash and travelers checks while traveling. Some cards offer lost luggage reimbursement, emergency card replacement, and zero liability for lost or stolen cards.

PAYROLL CARDS A payroll card is an alternative to traditional payroll methods in which an employee's wages are deposited directly to his or her card.

HEALTHCARE CARDS Healthcare cards are a specific type of prepaid card that let you access funds you've set aside in an employer-provided Flexible Spending Account or a Health Savings Account tied to a high-deductible health insurance plan. You can use the card as you would a debit or credit card to pay for qualified medical expenses such as doctor's visit copayments, prescription drugs and over-the-counter medications purchased with a doctor's prescription.

Features to Look For In a Prepaid Card

There are many prepaid cards out there, and choosing the right one is important. What features are most important to you?

RELOADABLE Some prepaid cards allow you to add money once the balance reaches zero. Gift cards are not reloadable.

LIABILITY PROTECTION Some prepaid cards will protect your balance in case the card is lost or stolen. Look for a card that offers a Zero Liability policy.

EXPIRATION DATES While many cards do not expire, some do carry monthly maintenance fees, which can reduce your card balance. Prepaid cards are best for storing money you intend to spend in the short term.

LOW FEES Is there an activation fee charged when you set up the card? What are the fees charged for ATM withdrawals? Take note of any fees associated with the card you choose.

If you know or suspect you are a victim of identity theft, contact the fraud department at one of the three main credit bureaus listed below. Request that they place a fraud alert on your file and contact the other two bureaus on your behalf.

You may also wish to contact the Federal Trade Commission's Identity Theft Hotline:
1.877.IDTHEFT (1.877.438.4338)



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CREDIT BUREAUS

EQUIFAX

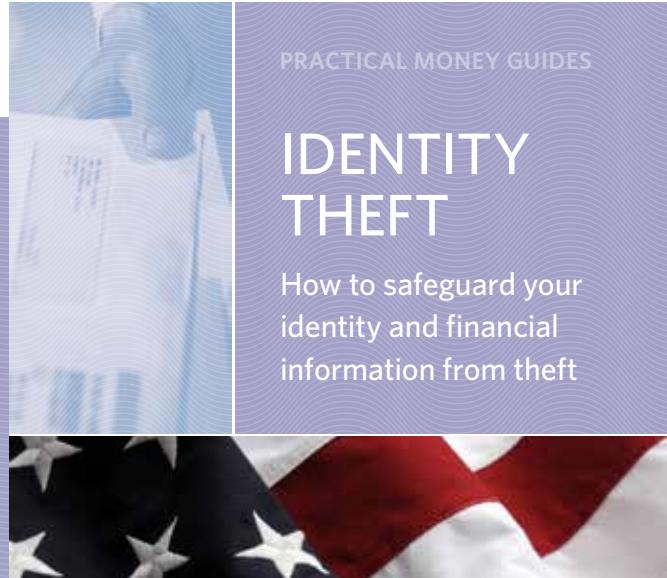
Report Order: 1.800.685.1111
Fraud Hotline: 1.888.766.0008
www.equifax.com

EXPERIAN

Report Order: 1.888.397.3742
Fraud Hotline: 1.888.397.3742
www.experian.com

TRANS UNION

Report Order: 1.877.322.8228
Fraud Hotline: 1.800.680.7289
www.tuc.com



PROTECT YOUR PERSONAL FINANCIAL INFORMATION TO AVOID CARD FRAUD AND IDENTITY THEFT

When your personal and financial information falls into the wrong hands, the consequences can be devastating. Identity thieves can use it to steal money from your accounts, open new credit cards and apply for loans, among other crimes. The information provided here can help you avoid becoming a victim and explain what to do if you know or suspect that your identity has been stolen.

PRACTICAL MONEY GUIDES

- BUDGET BASICS
- CREDIT HISTORY
- CREDIT CARD BASICS
- DEBIT CARD BASICS
- PREPAID CARD BASICS
- IDENTITY THEFT**

Understanding how to manage your finances provides an invaluable tool to take control of your life. Wise use of these skills can provide peace of mind, financial freedom, increased buying power and a secure future. This guide is one of a series on **PRACTICAL MONEY SKILLS FOR LIFE.**



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This material was created by Visa Inc. for the Veterans Financial Coalition.

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Practical Money Skills
for Life

WHAT TO DO IF YOUR IDENTITY IS STOLEN

If you suspect you have been, or are about to be, a victim of identity theft, it is important to act quickly. Contacting the proper agencies and filing the necessary reports will go a long way toward minimizing damage to your financial well-being.

CREDIT BUREAUS Immediately contact the fraud department at one of the three main credit bureaus listed on the back of this guide and ask that they place a 90-day initial fraud alert on your credit file. Whichever bureau you contact will notify the other two to do the same. You'll be entitled to one free credit report from each bureau.

You can also request a security freeze, which prevents credit issuers from obtaining access to your credit files without your permission. This can help prevent thieves from opening up new credit cards or other loans in your name. There may be a fee associated with placing a security freeze on your credit files.

LAW ENFORCEMENT File a detailed identity theft report with the police department. Search the Federal Trade Commission's website (www.consumer.ftc.gov) for instructions on how to create and file a report. You'll also need to send copies of the report – by certified mail, return receipt requested – to the credit bureaus and companies whose accounts were impacted.

FEDERAL TRADE COMMISSION (FTC) Although the FTC doesn't investigate individual identity theft cases, if you file a complaint they will share the information with an online database shared by thousands of civil and criminal law enforcement authorities, worldwide.

CREDIT CARD ISSUERS AND BANKS Contact the credit card issuer, which will closely monitor your account for odd behavior. They may either reissue a card with a new CVV (card verification code) number or issue an entirely new card number. Close affected bank accounts and obtain new ones. If checks were stolen, ask the bank to stop payments. Also, change any related passwords or PIN numbers and notify companies that have automatic payments tied to the account to make sure you don't miss a payment.

Six Ways to Protect Yourself

There are several simple steps you can take to reduce or minimize the risk of becoming a victim of identity theft or card fraud.

PRACTICE SAFE INTERNET USE Delete spam emails that ask for personal information, and keep your anti-virus and anti-spyware software up-to-date. Shop online only with secure web pages (look for "https" in the address bar and check for an image of a lock). Never send credit or debit card numbers, Social Security numbers and other personal information via email.

DESTROY PERSONAL FINANCIAL RECORDS Once they're no longer needed, shred credit card statements, ATM, credit/debit card/deposit receipts, loan solicitations and other documents that contain personal financial information.

SECURE YOUR MAIL Empty your mailbox quickly and get a mailbox lock. When mailing bill payments, checks and other sensitive documents, consider dropping them off at the post office or a secure mailbox.

GUARD YOUR SOCIAL SECURITY NUMBER Thieves seek your Social Security number because it can help them access your credit and open bogus accounts. Never carry your card; instead, memorize your number and store the card securely. Don't have your number printed on checks and ask your employer to remove it from pay stubs and other correspondence.

CHECK YOUR CREDIT REPORTS Regularly review your credit reports for suspicious activity. You can request one free copy of each report per year at www.annualcreditreport.com; otherwise contact the three credit bureaus directly (Note: They'll charge a small fee).

BEWARE OF SCAMS Always be on the defensive with your financial information. Never give out personal information to telemarketers or via email from someone claiming to represent your bank, credit card issuer, a government agency, a charity, or other organization unless you initiated the contact. If you think the request is legitimate, contact the agency directly to confirm their claims.

Protect Your Children's Identities

Identity thieves are increasingly targeting children's identities, using their Social Security numbers to illegally obtain jobs, credit accounts, mortgages and car loans. Use the same precautions handling their personal information as with your own, and if you suspect identity theft, follow the same theft report procedures.

Tips For Frequent Travelers

Whether you're traveling for business or pleasure, be on the alert for opportunities that thieves may try to take advantage of:

- Receipts—Don't leave credit card receipts on restaurant tables; sign and hand them directly to the server. Keep your copy of all receipts.
- Wallets—Stolen wallets frequently lead to identity theft, so instead of carrying your wallet in your pocket or bag, consider using a travel pouch worn under your clothing.
- Checks—Leave your checkbook at home, safely stored.
- Camera phones—That tourist with a camera phone may actually be shooting your credit card or driver's license. Keep important personal information out of view from others.
- Mail—Put a delivery hold on your mail whenever you travel.
- Hotels—Lock up all valuables in room or hotel safes while you are out, including laptops, passports and other documents containing personal identifying information. Don't leave these items with a hotel doorman to transport or hold—carry them yourself.
- Airplanes—Don't put any items that contain your Social Security number, card or account numbers in checked luggage. Always carry those items in carry-on luggage.

DEBIT CARDS — THE EXTRA PROTECTIONS

Did you know that many of the same features and protections offered by credit cards are also offered by debit cards?

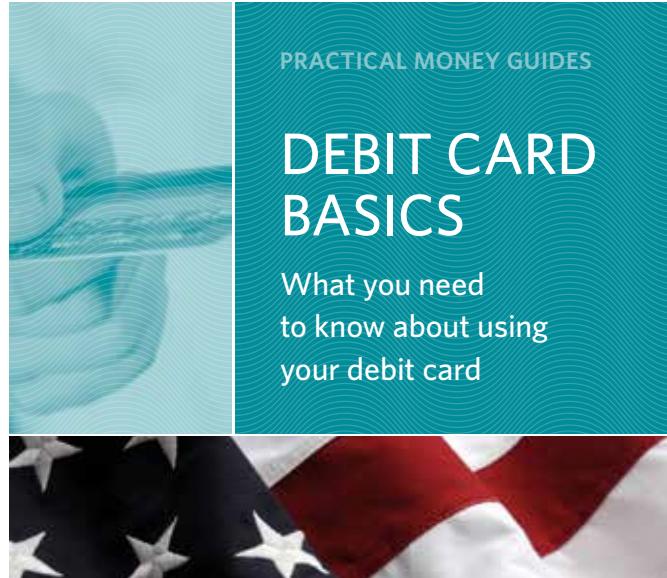
ZERO LIABILITY This generally means you're not liable for unauthorized purchases made on your debit card as long as you notify your financial institution immediately. Check with your financial institution to make sure Zero Liability applies to your card.

FUNDS AND FRAUD Federal law mandates that financial institutions replace funds for losses resulting from fraudulent card use within ten business days of notification. However, in many cases, you'll have access to funds within five business days of notification – sometimes sooner.

THE RIGHT TO DISPUTE You may have dispute resolution options should an issue arise with a debit card purchase. This often applies to signed purchases only. Check with your card issuer, and save all of your receipts.



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MONEY IN THE BANK

If credit cards mean “pay later,” debit cards mean “pay now.” These cards are tied to your bank account and using them is like paying with cash or a check. With debit cards, you must have money in your account to cover your purchases. These cards look similar to credit cards so make sure you are using the correct card.

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Using Debit Cards

In recent years debit cards have risen in popularity, often replacing payment by cash and check. A debit card is unlike a credit card in that it is tied directly to a checking account. When you make a purchase with a credit card, you are essentially taking out a loan of money from the card issuer, whereas a debit card purchase withdraws money directly from your checking account.

There are of course benefits to each method. Credit card users who pay off their bill each month benefit from a free loan of money. On the other hand, consumers concerned with debt load can limit their spending by using debit cards, which only allow them to spend only as much as they have in their checking account.

Because your debit card is tied to your bank account, there are specific considerations and precautions to keep in mind when using them.

Stay in Check

Always know your current bank account balance and available funds. And don't forget about checks that haven't cleared your account.

Consider opening an online bank account that allows you to manage debit card purchases, checks and bill paying all at once. You'll have a one-stop shop for managing all the ins and outs of your account.

When Using a Debit Card, Don't Forget to:

- Keep sales and ATM receipts or copies.
- Record your transactions in your check register as soon as possible or check transactions online.
- Remember to account for any bank fees that may apply.
- Review statements carefully. If you suspect a mistake or fraudulent use, call your financial institution immediately.

Stop Surcharges

Many banks charge a fee if you use another institution's ATM with your debit card. Instead of paying extra, choose a bank or credit union with ATMs convenient to where you live and work or that are part of a surcharge-free network; use your debit card to get cash back when making purchases. Also consider using your debit card to get cash back when making purchases.

Be Secure

For maximum security, take advantage of free alerts for your debit card. Some financial institutions offer automatic alerts by phone, text message or email.

RECEIVE CUSTOMIZED ALERTS WHEN:

- ATM withdrawals or any debit card activity exceeds your set dollar limits
- Your online ID or passwords change
- Large transactions are made

KNOW YOUR LIMITS

Many debit cards have daily spending and cash withdrawal limits. These limits are meant to protect you in case your card is stolen. But remember, your card might be declined if you exceed your limits even if you have enough money in your account. Know your limits and contact your lender if you need to raise or lower amounts.

Also remember to track your spending. When you make a purchase, withdraw money from your account or pay bills that exceed your account balance, you may be subject to "overdraft fees." Some financial institutions offer overdraft protection and if you've signed up for it, they'll cover your check or debit transaction so it doesn't bounce. But this protection often comes at a price: you may be charged a fee for each purchase that uses overdraft. Balance your account regularly to avoid added fees.

Keep a Secret

Your debit card will require a Personal Identification Number (PIN) for security. Choose a unique number. Avoid obvious choices like your address, phone number or birth date.

Always keep your PIN private. Memorize it. Don't write it down anywhere. And never tell it to anyone. If you feel your PIN has been compromised or someone may have identified it, change your number immediately by contacting your financial institution.

Hit the Road, Plan Ahead

Like credit cards, debit cards are accepted at millions of locations worldwide. For your protection, your financial institution may place an alert on your account if the card is used out-of-state or in a foreign country, or if the transaction falls outside your normal spending patterns. If possible, let your bank know your travel plans in advance.

Know When A Hold Has Been Placed

Sometimes, when you use your debit card for a credit-type transaction your bank or credit union may place a temporary hold on your account until the transaction has been completed. For example, if you use your debit card to reserve a hotel room, funds sufficient to cover the length of your stay will be "held," even though the money isn't actually deducted from your account until the final bill is settled - for example, until room service and phone charges can be calculated. Many people use a credit card in these situations so they don't tie up their checking account balance.