Keep It Safe

FDIC Financial Education Curriculum
Welcome

1. Agenda
2. Ground Rules
3. Introductions
Objectives

• Recognize how federal deposit insurance protects deposits
• Recognize how to guard against identity theft
• Recognize how to prevent elder financial abuse
Objectives

• Recognize how the various types of insurance will help you manage risks

• Recognize the need to plan for unexpected death or disability

• Describe the ways you need to be financially prepared for disasters
What Do You Know?

What do you know or want to learn about consumer protection laws and regulations?
Truth in Savings Act

• Requires financial institutions to tell you the terms of deposit accounts (such as checking or savings accounts)

• Helps you make informed decisions
Electronic Funds Transfer Act

- Limits your liability against unauthorized use of your Automated Teller Machine (ATM) card
- Protects against electronic transfer errors
Other Regulations

- **Expedited Funds Availability Act**
  - Limits the time a bank can a check deposited into your checking account

- **FDIC Deposit Insurance Regulations**
  - Insures the funds in your deposit accounts
Activity 1: Deposit Accounts Laws and Regulations

Complete Activity 1 in the Participant Guide.

1. Read each scenario.
2. Answer the questions.
3. Be prepared to explain your answer.
Protecting Deposit Accounts

- FDIC insures funds in deposit accounts, including:
  - Checking
  - Savings
  - Money Market Deposit Accounts (MMDAs)
  - Certificates of Deposit (CDs)
Insurance Coverage

• Coverage is based on:
  • Ownership category:
    – Single accounts
    – Joint accounts
    – Revocable trust accounts
    – Certain retirement accounts
  • Standard Maximum Deposit Insurance Amount (SMDIA), currently $250,000
Additional Insurance Coverage Information

• Visit: www.fdic.gov/deposit/deposits

• Call: 1-877-ASK-FDIC

• Talk to your bank representative

• Use the Electronic Deposit Insurance Estimator: www.myfdicinsurance.gov
Single Account

- Owned by one person and titled in that person’s name only
- Insured up to the SMDIA
Joint Account

• Owned by two or more people
• Titled jointly in the co-owners’ names
• Insured up to the SMDIA for each co-owner
Certain Retirement Accounts

- Only the following are insured in this ownership category:
  - Individual Retirement Accounts (IRAs)
  - Section 457 deferred compensation plan accounts
  - Self-directed, defined contribution plan accounts
  - Self-directed Keogh plan (or HR 10 plan) accounts
Revocable Trust Account

• A deposit account:
  • Held as a payable on death (POD) or in trust for (ITF) account
  • Established in the name of a formal revocable trust (living or family trust account)
Insurance Coverage for Revocable Trust Accounts

• **Coverage is:**
  
  • Provided to the owner of the trust
  
  • Based on the number of beneficiaries and the interests allocated to those beneficiaries, up to the insurance limit
  
  • Based on all revocable trust deposits held by the same owner at the same bank
Identify the Account

1. Freda Roam has $1,400 in a savings account at Sawmill Savings & Loan.
2. Homer Stead contributes $50 a month to an IRA through his employer.
3. Trey and Josie deposited $500 in a savings account together to start a college fund for their new baby.

4. Marcus’s grandmother opened a savings account with $2,500, from which Marcus will receive the proceeds in the event of her death.
Non-Deposit Investment Products

- FDIC does not insure non-deposit investment products:
  - Robert has a $10,000 CD and invested $10,000 in a mutual fund at a bank that fails.
  - His $10,000 (+ interest) for the CD is covered by FDIC, but not the $10,000 he invested in the mutual fund.
Privacy Notices

• Required by law to explain how the company handles and shares your personal financial information.

• Types of notices:
  • Initial Privacy Notice
  • Annual Privacy Notice
  • Notice of Changes in Privacy Policies
Opting Out

• You have the right to stop or “opt out” of some sharing of your personal financial information.

• To opt out:
  • Call 1-888-5-OPTOUT (567-8688)
  • Visit www.optoutprescreen.com
What is Identity Theft?

• When thieves steal your personal information and pretend to be you

• If not detected early, you may face months or years cleaning up the damage to your reputation and credit rating.

Identity theft is a serious problem!
Common Forms of Identity Theft

• Phishing
  • Unsolicited emails that appear to be from a legitimate source

• Pharming
  • Fake websites seeking personal or private information by appearing legitimate

• Skimming
  • Special storage device used to obtain credit/debit card numbers
Identity Theft Information

Federal Trade Commission (FTC):

- [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft)
- 1-877-IDTHEFT (438-4338)
Activity 2: Identity Theft Self-Check

Complete Activity 2 in the Participant Guide.

1. Respond to each statement.
2. Tally your score.
Victims of Identity Theft

• **Take action immediately:**
  • File a police report
  • Contact your creditors
  • Follow up in writing
  • Use the ID Theft Affidavit at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft)
  • File a complaint with the FTC
  • Ask for verification that disputed accounts have been closed and fraudulent debts discharged
Fraud Alert

- Initial fraud alert – 90 days
- Extended fraud alert – 7 years
  - Prospective lenders must contact you to authorize any new account in your name.
- Security freeze
  - You must authorize any access to your credit report.
If Your Wallet/Purse is Lost or Stolen:

• File a police report
• Cancel your credit cards immediately
• Place a fraud alert on your credit report
• Report the loss to your bank
• Contact major check verification companies
• Get a new ATM card with a new number and password
What is Elder Financial Abuse?

Using an elder’s money or assets contrary to his or her wishes, needs, or best interests for the abuser’s personal gain.
Examples of Elder Financial Abuse

• Taking money or property
• Forging a signature or using deception to get the elderly to sign legal documents
• Using property or possessions without permission
• Promising care in exchange for money or property, and not following through
• Using telemarketing to commit scams against older people
Potential Perpetrators

- Family members that may:
  - Have substance abuse, gambling, or other problems
  - Stand to inherit money
  - Fear inheritance will be used up
  - Have had a negative relationship with the elder
  - Have negative feelings towards other beneficiaries

- Telemarketers
Who is at Risk?

• **Elders who:**
  • Are isolated or lonely
  • Have recently suffered a loss of spouse, pet, or family member
  • Are ill (physically or mentally)
  • Unfamiliar with financial matters
  • Have unemployed or substance-abusing family members
How Can Elders Be Made Less of a Target?

• Examine their lifestyle and protect them where needed:
  • Ask questions to determine their vulnerability
  • Take steps to protect them
How Can I Be More Careful in Employing Elderly Caregivers?

• **Ensure:**
  
  • The employment agency is reputable
  • The caregiver’s references/background have been checked
  • The elder’s checks, credit cards, etc. are secure
  • There is a written service agreement and log of workers, hours, salary payments, and caregiver expenses
Information About Elder Financial Abuse

• **Contact:**
  
  • Your state’s Adult Protective Services department
  
  • The U.S. Department of Health and Human Services’ Elder Care Locator:
    
    [www.eldercare.gov](http://www.eldercare.gov)
    
    1-800-677-1116
Insurance: Why the Need?

- **Insurance:**
  - Protects you (and your family) from financial loss if the unexpected happens
  - Prevents you from having to use funds set aside for other financial goals or emergencies
  - Prevents you from going further into debt by having to borrow money
Types of Insurance

Life insurance
Health insurance
Homeowner’s/renter’s insurance
Auto insurance
Disability insurance
Liability insurance
Determining Your Needs

• Coverage depends on your circumstances.

• Insurance may be required in some circumstances.

• Service members and their family:
  • Ask how the company handles deployment
  • Shop around
Why Plan for Unexpected Life Events?

• **Planning ahead:**
  • Gives you control
  • Relieves stress of decision making
  • Saves money and helps you avoid financial disaster or setback
Long-Term Care

• How would you define long-term care?

• Myth or fact: Long-term care is only a concern for the elderly.
  • Myth. The need for long-term care can come at any age.
Potential Disasters

• Natural or man-made disasters strike without warning and can happen to anyone.

• What steps can you take to be financially prepared for potential disasters?
What To Have Ready

• Forms of identification
• Your checkbook with blank checks and deposit slips to last at least a month
• ATM, debit and credit cards, and cash
• Phone numbers for financial institutions
• Account numbers
• Key to your safe deposit box
What To Keep and Where To Keep It

• Make copies of important documents

• Determine what to keep at home and what to store in a safe deposit box

• Seal important documents in airtight and waterproof plastic bags/containers
What Else To Consider

• Sign up for direct deposit
• Arrange for automatic bill payments
• Sign up for Internet banking services
• Review your insurance coverage
Activity 3: How Financially Prepared Are You?

Complete Activity 3 in the Participant Guide.

1. Consider your situation.
2. Answer the question.
Summary

• What final questions do you have?

• What have you learned?

• How would you evaluate the training?
Conclusion

• You learned about:
  • Laws and regulations that protect your deposits
  • Identity theft
  • Elder financial abuse
  • Types of insurance to help you manage risks
  • Financial preparedness