



IDAHO

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NEWS RELEASE

FOR IMMEDIATE RELEASE

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STORED-VALUE CARDS: WHAT BUYERS SHOULD KNOW

FINANCIAL LITERACY MONTH TIP OF THE WEEK

Gift cards are a great invention. For the gift-giver, it somehow feels less impersonal to present a gift card rather than cold hard cash. And for the recipient, a gift card and cash generally spend the same. But there are differences. And there are even variations among the many kinds of "prepaid" or "stored-value" cards themselves. Savvy consumers should heed these tips.

A stored-value card is similar to a debit card in that there are certain funds that can be accessed by using the card. With a debit card, that money is held in your checking account. With a stored-value card, the money has been deposited with the card issuer and then "loaded" onto the card.

The prepaid/value card industry has grown considerably in the past several years. The basic concept has evolved from gift certificates and pre-paid phone cards to the point where value cards can now be purchased for government benefits (such as food stamps), payroll and transportation services. Many of these cards, as well as value cards issued by major credit card issuers, can also be "reloaded".

Depending on the type of value card purchased, consumers need to be aware that user fees may be associated with card usage. Such fees can include activation fees, ATM fees, annual or monthly fees, point-of-sale fees, inactivity fees and bill payment fees, to name a few. In addition, fees may be charged by the company who offers the card – and by the retailer accepting the card as payment for products or services.

If the value card is used in place of a checking account, consumers would be wise to compare the costs of using a value card versus a checking account. Consumers should also be aware that unlike credit cards, there is often little or no protection afforded the stored-value cardholder in the event the card is lost or stolen. Until increased protection is in place, consumers are urged to educate themselves by thoroughly reading the fine print BEFORE purchasing a value card.

April has been declared Financial Literacy Month in Idaho by Governor C. L. "Butch" Otter. During the month, the Department of Finance will be issuing various financial tips on current subjects. If there is a topic you would like to see addressed, please submit your idea to finance@finance.idaho.gov. Director Gee also urges investors to contact the Department at (208) 332-8000 or toll free within Idaho at 1-888-346-3378 with any questions about an investment firm, professional or product. You can also contact the Department by email at finance@finance.idaho.gov.

Department of Finance Press Releases and other information can be found on the Internet via the worldwide web at <http://finance.idaho.gov> and may be obtained by contacting the Department at (208) 332-8004 or Idaho toll-free at 1-888-346-3378.