

THE ALERT

Volume 18, No. 3

May-June 2001

Help to Keep Your Financial Business Private

If you haven't already received it, you will soon get a notice from your bank or mortgage company asking you if you want to keep some of your financial information more private than it is now.

You'll be able to limit the personal information that your bank and other financial institutions provide to outside companies by choosing to "opt out." A new law requires financial institutions to give you a chance to tell them whether you want to keep private certain information they now share with or sell to other outside companies.

If you want to take advantage of your new "opt out" rights, you need to respond to the notices you get.

"Look for these notices, which may come as part of a monthly statement or as a separate mailing," says Ken Baebel, an assistant director of the Federal Deposit Insurance Corporation (FDIC).

"You need to understand whether an institution intends to share personal information with other companies and, if so, what you can do to prevent information sharing, if that's what you want. Otherwise, it will be up to the institution to decide who gets details about you and your finances," he explains.

The new law covers such institutions as banks, savings and loans, credit unions and insurance, mortgage and securities companies. It even includes some retailers and automobile dealers that collect and share personal information about consumers for whom they give or arrange credit.

The FDIC has provided the following questions and answers to explain your new rights to financial privacy and what you need to do to exercise those rights.

IN THIS ISSUE

Help to Keep Your Financial Business Private	1
More Ways to "Opt Out"	4
Want to Be a Saver? Here's How to Get Started.....	5
Military Retirees and Families Get Medical Benefits	5
What to Do When Someone Dies.....	5
Check Fine Print When Financing Car with Sub-Prime Lenders	6
Money Deducted from Your Social Security Check by Mistake? Call Senior Helpline	6
Senior Citizen Centers and Legal Aid Offices.....	7

What kinds of personal information do financial institutions collect and share with other businesses?

Many financial institutions collect information about their customers as a regular part of their business.

For instance, when you apply for a loan, you provide your name, phone number, address, income and information about your assets—what you own, details about any investments—and any debts. When the institution is considering your loan application, it may collect additional details from other sources, such as credit reports prepared by credit bureaus.

If you use an institution's credit card it will have a record of how much you buy and borrow, where you like to shop and whether you repay your balance on time.

Some (but not all) financial institutions share this information with others—including completely unaffiliated companies such as retailers, telemarketers, airlines and non-profit organizations—to help them target consumers who might be interested in their products or programs.

What is required of the financial institution under the new law?

First, it must tell its customers about the kinds of information it collects and the types of businesses that may be provided that information. This disclosure, called the privacy notice, is intended to help you decide whether you are comfortable with that information-sharing arrangement.

The notice has to be mailed to you by July 1, 2001, by any institution where you already have an account.

If you open an account with a different institution after July 1, you must be given a copy of the privacy notice at that time. Financial institutions also are required to send a privacy notice to customers once a year.

Second, the law says that if your financial institution intends to share your information with

anyone outside its corporate family, it also must give you the chance to "opt out" or say "no" to information sharing under certain circumstances.

Even consumers who are not technically customers of a financial institution—such as former customers or people who unsuccessfully applied for a loan or credit card—will have the right to "opt out" of information sharing with outside companies.

Third, the law requires that financial institutions describe how they will protect the confidentiality and security of your information.

When I receive a privacy notice, what should I look for?

Read the entire notice carefully and focus on the following:

- The kind of information the institution shares with other parts of the same company, likely to be described as "members of our corporate family" or "our affiliates";
- The information it shares with other companies or organizations that are not part of the same corporate group or what may be called "nonaffiliated third parties";
- What information you can prevent your financial institution from sharing with other companies or organizations; and
- How you go about keeping it from sharing your information, if that's what you want.

What kind of information can I stop an institution from sharing?

You have a general right to block the sharing of non-public personal information with outside companies and organizations, but there are exceptions.

As for companies that are affiliated, your institution may remind you that a law passed several years ago, the Fair Credit Reporting Act, gives you limited rights to stop selected sharing of information with them.

You have a general right to block the sharing of non-public personal information with outside companies and organizations...

What information will still be shared even if I opt out?

Under the new law, you cannot keep an institution from providing personal information to outside companies and organizations if, for instance:

- The information is needed to help conduct normal business. For example, your bank can send personal information to outside firms that help market your bank's products, handle its data processing (for your loan payments, checking account statements, electronic banking transactions or credit card purchases) or that mail account statements.
- The information is needed to protect against fraud or unauthorized transactions or is provided in response to a court order.
- The institution reasonably believes the information is "publicly available." Robert Patrick, an FDIC consumer law attorney, explains that publicly available information "includes your name, address and telephone number as they appear in the telephone book, information about your home mortgage recorded in county records or information that would be found on your driver's license if that information is available from your state's department of motor vehicles." (In Ohio, information is available unless you have told the Ohio Bureau of Motor Vehicles that you don't want your information shared.)
- The information is used as part of a "joint marketing agreement." That's a situation in which two or more financial institutions—say, a bank and insurance company—agree to jointly offer, endorse or sponsor the same products or services.

Others don't want ...a lot of other businesses and people knowing about their finances or spending habits.

In addition, the Fair Credit Reporting Act says an institution has a right to give an affiliate any information obtained from your transactions with that institution. For example, your bank can give an affiliated insurance company details about your deposit accounts. This could be useful information to the insurer if it wants to offer you an annuity as an investment when one of your CDs is about to mature. Even though you cannot prevent this information from being shared, the bank still must tell you about these practices in its privacy notice.

How do I know if I should opt out?

It depends on how the information is shared and what you want. If a financial institution widely shares your personal information with other businesses, you'll get more mail, phone calls or other unsolicited promotions if you decide NOT to "opt out."

Some consumers see information sharing as a plus because it helps them shop from home or find out

about new products and services. Others don't want so many solicitations from telemarketers and mail advertisers and they don't want a lot of other businesses and people knowing about their finances or spending habits.

You must decide what is best for you.

"If you opt out, your bank still will be able to share personal information about you with outside companies in certain circumstances, but you will be putting a limit on at least some information sharing," explains FDIC attorney Patrick. "If you don't opt out, your bank can sell information about you to any business or person, and there are few restrictions on how that information might be used."

If you have questions or concerns contact your institution.

Want to Be a Saver? Here's How to Get Started

You can become a "Cleveland Saver" and start building wealth under a new program sponsored by more than 100 community groups, as well as governmental, religious, employer and employee organizations.

All you have to do is commit to saving as little as \$10 per month or to making a regular debt payment.

What you get is a start toward building wealth, a free calculator, a chance to win a U.S. Savings Bond or a certificate of deposit, a no-fee savings account at a participating financial

institution, free informational workshops on how to pay off debts, spend less, get good deals, qualify for a home mortgage or set up a retirement account.

Too, members will get a free one-on-one planning consultation with a wealth-building coach or financial planner.

The program is funded by the sponsoring organizations, foundation grants and is supported by the non-profit Consumer Federation of America.

For information, phone the 24-hour Cleveland Saves Moneyline at 216-781-8090.

Military Retirees and Families Get Medical Benefits

Medicare-eligible retirees of the Uniformed Services, their family members and survivors will get expanded medical benefits starting October 1, 2001 under the TRICARE program.

Retirees and their dependents became eligible for prescription drug coverage in April.

To qualify for medical benefits, the recipients must be enrolled in Part B of Medicare. The new program will cover Medicare deductibles and co-pays. Medicare will be the first payer and TRICARE the second.

Those who think they qualify for the new benefit are advised to keep their supplemental health care insurance until they determine their coverage under the TRICARE program.

If you are unsure about your eligibility for this program, you may contact the toll-free Defense Manpower Data Center Support Office Beneficiary line at 1-800-538-9552 for assistance. The best time to call is Wednesday through Friday between 12 p.m. and 6 p.m.

Retirees or survivors are advised to update their Defense Enrollment Eligibility Reporting System (DEERS) record.

Parents and parents-in-law 65 years of age or older who are dependents of active duty or

retired uniformed services persons may be eligible to use the TRICARE Senior prescription drug program.

The law authorizing these as well as expanded health care benefits for active duty family members was signed by President Clinton in October.

What To Do When Someone Dies

When someone in the family dies, there sometimes is a rush to "clean things up."

Resist the temptation. The papers you throw out could be important even if the person who died didn't leave much.

Every financial record—bills, checking and savings account data, charge account information and investment records—should be kept until it is known whether they will be needed.

Estate tax forms, even when no tax is due, must show the decedent's assets at the time of death. Assets cannot be released until it is clear that all creditors have been paid or that the estate does not have to pay them.

Remember to notify Social Security at 1-800-772-1213 about the death of anyone who was receiving Social Security benefits. If benefits were being directly

Continued on page 6

deposited to a bank account, notify the bank. If paid by check, return checks to Social Security.

Social Security will make a one-time payment of \$255 to the surviving spouse if he or she was living with the beneficiary at the time of death. If there is no spouse, the payment will go to a child who is eligible for benefits on the beneficiary's earnings record.

Check Fine Print When Financing Car with Sub-Prime Lenders

If you need an automobile and you have less than perfect credit, you may be tempted by offers specially directed at people just like you

The offers may guarantee credit if you can meet minimum requirements such as proof of residence and regular pay checks. Such offers are often sub-prime auto loans, according to the Cleveland Better Business Bureau (BBB).

You should be aware that if you finance the purchase of a car, the total cost of the car will increase because you will be paying interest and other loan costs on top of the price of the car.

Be cautious about advertisements that offer financing to people with bad credit, says BBB.

Usually they require a large down payment and payment of interest at a high annual percentage rate (APR).

It will pay to shop around for a loan to get the best deal available because there is a lot of variety in the loan terms and payment schedules offered by dealers and lenders.

If you agree to a high annual percentage rate, you may be taking a big risk. If you sell the car before the loan is paid off, what you get for the car may be far less than what you need to pay it off.

If the car is repossessed or declared a total loss because of an accident, it may cost you a lot to pay off the loan even after any proceeds from the repossessed car or the insurance payment is deducted.

It may be better to pay cash and get a cheaper car than you originally had in mind.

If you decide to finance the car, make sure you

understand everything about the loan agreement BEFORE you sign the papers. If you can't understand the papers, take them to someone who can explain them to you.

BEFORE you sign, you should clearly understand:

- ⇒ The exact price you are paying for the vehicle
- ⇒ The amount you are financing
- ⇒ The finance charge (the exact dollar amount the credit will cost you)
- ⇒ The annual percentage rate (APR) (the yearly interest rate)
- ⇒ The number of payments you must make and amount of each payment
- ⇒ The total sales price (the total of the monthly payments plus the down payment)

Before you shop for a car, ask friends, relatives and co-workers for the names of good places to buy a car. Check the Better Business Bureau for a report on the dealer you choose.

The law does not require dealers to give used car buyers a three-day right to cancel. You have the right to return the car within three days ONLY if the dealer agrees ahead of time to give you that right. Some dealers call it a "cooling off" period, a "money-back guarantee" or a "no question asked" return policy.

Ask about the dealer's return policy BEFORE you agree to buy a car. But, that is not enough. Get the return policy in writing and read it carefully.

Many used cars are sold "as is." That usually means the dealership is not responsible for any existing problems or defects any particular vehicle may have when it is bought.

So, it is a MUST to have the car checked by a trusted mechanic BEFORE you buy it.

Last issue we told you that the U.S. Treasury Department was going to notify some Social Security recipients who owe money to the government that it planned to start deducting payments from their Social Security checks.

If you got a notice and think that a mistake has been made, phone The Legal Aid Society of Cleveland Senior Helpline at 216-687-1900, Extension 479 on Tuesday, Wednesday or Thursday between 1 p.m. and 4:30 p.m.

SENIOR CITIZEN CENTERS AND LEGAL AID OFFICES**CUYAHOGA COUNTY**

For information or to make an appointment in Cuyahoga County
 phone the Senior Helpline
 at 216-687-1900, Extension 479
 on Tuesday, Wednesday or Thursday between 1 p.m. and 4:30 p.m.

EAST SIDE**WEST SIDE**

Buckeye Senior Center
 11802 Buckeye Road
 216-491-8450

Hough Opportunity Center
 8555 Hough Avenue
 216-421-5400

Lakewood Office on Aging
 16024 Madison Avenue
 216-521-1515

Collinwood Community
 Center
 813 East 152 Street
 216-541-4400

Maple Heights Senior Center
 15901 Libby Road
 216-587-5481

Metro Health Hospital
 2500 Metro Health Drive
 216-778-5551

Emeritus House Senior
 Center
 (at Indian Hills)
 1554 East 193 Street
 216-289-8586

Martin DePorres Center
 1264 East 123 Street
 216-268-3909

Parma Senior Resource Center
 7001 West Ridgewood
 440-885-8155

Fairhill Institute
 12200 Fairhill Road
 216-421-1350

Murtis H. Taylor Center
 13422 Kinsman Avenue
 216-283-4400

West Side Legal Aid Office
 3408 Lorain Avenue
 216-961-6630

Goodrich-Gannett Center
 1368 East 55 Street
 216-432-1717

Stella Walsh Recreational
 Center
 7345 Broadway Avenue
 216-441-0111

DOWNTOWN

Downtown Legal Aid Office
 1223 West Sixth Street
 216-687-1900
 Extension 479

Helen S. Brown Senior
 Center
 16100 Euclid Avenue
 216-761-8410

Woodland Branch
 Cleveland Public Library
 5806 Woodland Avenue
 216-623-7109

For information or to make appointments outside Cuyahoga County
 phone the offices listed below

LAKE COUNTY

Lake-Geauga Legal Aid Office, 8 North State Street, Painesville
 440-951-7240 from Cuyahoga County and western Lake County
 440-352-6200 from other parts of Lake County or 1-888-808-2800

LORAIN COUNTY

Lorain County Legal Aid Office, 382 West Broad Street, Elyria
 440-323-8240

ASHTABULA COUNTY

Ashtabula County Legal Aid Office, 121 East Walnut, Jefferson
 440-576-8120

**The Legal Aid Society
of Cleveland
1223 West Sixth Street
Cleveland, Ohio 44113**