

The End of Social Security Checks: The 2013 Transition to Electronic Payments

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Dec 5, 2012

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NLRC

Providing Legal Support to the
Aging Advocacy Network

- <http://www.nlrc.aoa.gov/>
- Collaboration developed by the Administration on Aging between the National Consumer Law Center, National Senior Citizens Law Center, American Bar Association Commission on Law and Aging, Center for Elder Rights Advocacy, and the Center for Social Gerontology
- See upcoming trainings, conferences, and webinars
- Request a training
- Request consulting
- Request technical assistance
- Access articles and resources

Presenter – Walt Henderson

- Director of the EFT Strategy Division at the Department of the Treasury's Financial Management Service.
- In this role, Walt manages the Treasury's Direct Express® Debit MasterCard® card program and the GoDirect direct deposit public education campaign for Social Security and other federal benefit payments.
- Walt has over 25 years of experience at the Treasury serving in a variety of positions related to cash management and federal payment policy and operations.

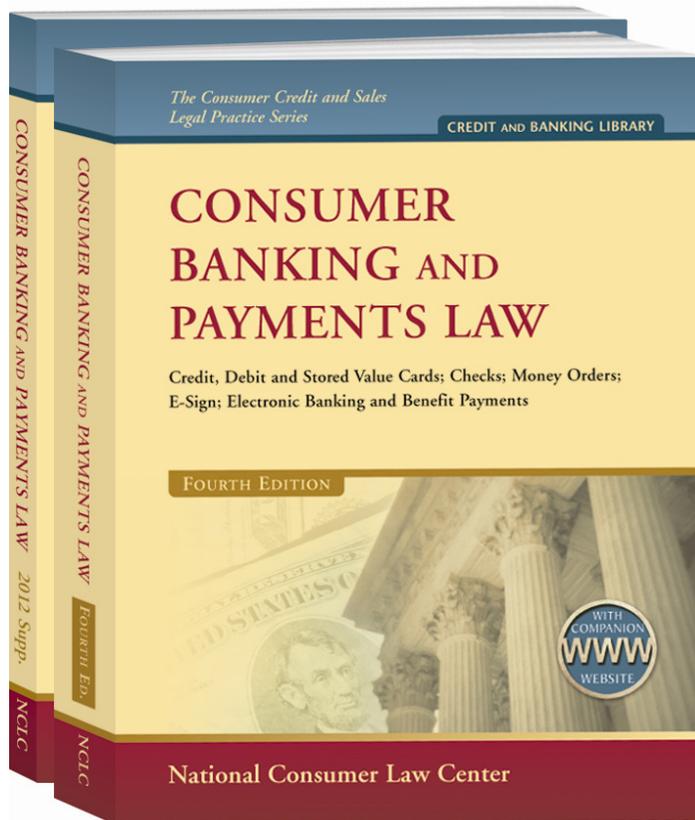
Presenter – Lauren Saunders

- Managing Attorney of the National Consumer Law Center's Washington, DC, office, where she handles legislative, administrative and other advocacy efforts in the financial services area.
- She has testified before Congress and contributes to several NCLC manuals, including Fair Credit Reporting, Fair Debt Collection, Foreclosures, and Consumer Banking and Payments Law.
- She previously directed the Federal Rights Project of the National Senior Citizens Law Center; was Deputy Director of Litigation at Bet Tzedek Legal Services in Los Angeles; and was an associate at the public interest firm Hall & Phillips.

Presenter – Margot Saunders

- Margot Saunders is currently “of counsel” to the National Consumer Law Center; she served as Managing Attorney of the Center’s Washington office from 1991 to 2005.
- Margot represents the interests of the Center’s low-income clients in Congress on a range of consumer law matters, including predatory lending, payments law, electronic commerce, and other financial credit issues.
- She has provided expert testimony on numerous occasions to Congressional committees and federal agencies about the impact on low-income households of pending proposals.
- Additionally, Margot serves as an expert witness in consumer credit cases, specializing in credit math analysis and predatory lending issues.

**For More Information on Electronic Payments,
See NCLC's *Consumer Banking and Payments Law***



**Definitive Legal
Treatises and Guides
from National Consumer
Law Center**

For details, visit the NCLC Bookstore
www.nclc.org

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The *Go Direct*[®] Campaign

) , 2012

Presented by Walt Henderson, Director
EFT Strategy Division
U.S. Department of the Treasury
Financial Management Service

The *Go Direct*[®] and *Direct Express*[®] logos, *Go Direct*[®] and *Direct Express*[®] are registered service marks of the U.S. Department of the Treasury, Financial Management Service (used with permission).

Electronic Federal Benefit Payments Now Required

- By **March 1, 2013** all federal benefit check recipients are required by the U.S. Department of the Treasury to switch to an electronic payment.
- People newly applying for federal benefit payments must choose an electronic payment option **from day one**.

The Countdown Is On

Save taxpayers \$1 billion

Switch today ▶

168 : 4 : 45 : 28

days

hours

minutes

seconds

Which Federal Benefit Payments Are Impacted?

- Social Security Administration (Social Security and SSI)
- Veterans Affairs (VA)
- Railroad Retirement Board
- Office of Personnel Management
- Department of Labor (Black Lung)



Why Is Treasury Taking This Step Now?

- Electronic payments provide many advantages to federal beneficiaries and the American people:
 - **Safe.** No risk of lost or stolen checks.
 - **Easy.** No need to make a trip to cash or deposit a check.
 - **Reliable.** Money is on time, every time.
 - **Cost Effective.** American taxpayers will save \$1 billion over 10 years.



Two Treasury-Recommended Options



**Direct Deposit
to your Bank
or Credit Union
Account**



**Direct Express[®]
Debit MasterCard[®]
Card**

Direct Express[®] Card: High Satisfaction

- More than **3 million Americans** safely and easily access their federal benefit payments with the **Direct Express[®]** card.
- Surveys show the satisfaction rate among cardholders is very high – around **95 percent**.
- **93 percent** of cardholders say they are likely to recommend the card to others



How to use the Direct Express[®] Card

- With the **Direct Express[®]** card, cardholders can:
 - **Make purchases** – buy things anywhere Debit MasterCard[®] is accepted.
 - **Get cash back** – request cash back at the register when making purchases.
 - **Pay bills** – pay bills online or by phone if the merchant accepts Debit MasterCard[®].
 - **Get free notices** – sign up to get deposit alerts by text, phone or email.



Direct Express® Card: Learn More

www.GoDirect.org

The screenshot displays the GoDirect.org website interface. At the top, there is a navigation menu with links for Home, **I Get Checks Now** (circled in red), Applying Soon?, FAQ, Partners, and Newsroom. Below the navigation is a main banner titled "Getting Checks?" with a sub-header "Are you getting your check? You are ready to electronic pay". Below this banner are two buttons: "Get direct deposit" and "Get the Direct Express® card".

Below the banner is a section titled "The Countdown Is On" with the text "Save taxpayers \$1 billion" and a "Switch today" button. Below this is a section titled "U.S. Treasury Requiring Electronic Federal Benefit Payments" with a sub-header "The Treasury Department is phasing out paper check payments and requiring recipients to get their money electronically. You can choose to get your payment via a bank or credit union account or to a Direct Express® Debit MasterCard® card".

Below this section are two columns of information:

- Want direct deposit?** It's fast and easy to get direct deposit of your benefits right into your checking or savings account.
- Prefer a prepaid debit card?** No bank account or credit check is required for the Direct Express® card, a Treasury-recommended prepaid debit card.

At the bottom of the main content area, there are two buttons: "Get direct deposit" and "Get the Direct Express® card".

On the right side of the page, there is a sidebar with a table of contents for the "DIRECT EXPRESS" section:

- Overview
- Enrollment
- Fees
- Using the Card
- Customer Service
- Privacy & Legal
- International Use
- Recommendation
- Terms & Conditions
- Informational Brochure

Below the table of contents is a section titled "DIRECT EXPRESS Debit Mastercard" with a "Frequently Asked Questions" link. Below this is a section titled "Great news for those receiving VA Compensation or Pension, RRB Annuity and OPM (Federal Retirement) benefits! Call us today at 1-800-333-1795 and sign up to receive your payments on the Direct Express® Card. The frequently asked questions and answers that reference Social Security Administration also apply to VA, RRB and OPM with the exception of the enrollment telephone number." Below this is a section titled "OVERVIEW OF THE DIRECT EXPRESS® CARD" with a list of frequently asked questions:

- What is the Direct Express® card?
- How does the Direct Express® card work?
- Will my Social Security and Supplemental Security Income benefits be safe?
- How is the Direct Express® debit card different from a credit card?
- What are the benefits of the Direct Express® card?

Below this is a section titled "ENROLLMENT" with a list of frequently asked questions:

- How do I sign up for the Direct Express® card?
- How do I activate my Direct Express® card so I can begin to use it?
- Do I need to give the Social Security Administration my card information in order to receive my benefits?
- I am a representative payee who receives Social Security benefits for someone else. Can I sign up for a Direct Express® card?
- I am a representative payee who receives Social Security benefits on behalf of more than one person. Can I receive all of the benefits on one Direct Express® card?
- Can recipients who have a Direct Express® card switch to a traditional checking or savings account and receive their payment by direct deposit?
- I have a bank account. May I sign up for the Direct Express® card?
- I plan to retire this spring or summer. Can I request a Direct Express® card as soon as I sign up for my Social Security benefits?
- What if I don't like the Direct Express® card?
- I signed up for a Direct Express® card before April 1, 2008. Will I automatically be signed up for the new Direct Express® card with lower fees and more features?
- I signed up for my Direct Express® card before April 1, 2008. Am I required to sign up for the new Direct Express® card with lower fees and more features?

Direct Express® Card ATM Locator

Text Size Zoom: A A A

Home | Get Checks Now | Applying Soon? | FAQ | Partners | Newsroom

Getting Checks?

Are you getting Social Security, VA or other federal benefits by paper check? You are required by the U.S. Department of the Treasury to switch to electronic payments by March 1, 2013.

[Get the Direct Express Card NOW!](#) [Learn More >](#)

The Countdown Is On 164 : 11 : 33 : 8
Save taxpayers \$1 billion
Switch today >

U.S. Treasury Requiring Electronic Federal Benefit Payments

The Treasury Department is phasing out paper check payments and requiring federal benefit recipients to get their money electronically. You can choose to get your payments by direct deposit to a bank or credit union account or to a Direct Express® Debit MasterCard® card account.

Act now to get your money safely and quickly – on time, every time!

- Already getting federal benefit payments by paper check? Switch today! You must switch to electronic payments by March 1, 2013. [Switch Now](#) or [Learn More](#).
- Retiring or applying for federal benefits soon? Be ready. You will get your money electronically from day one. Be ready to choose direct deposit or the Direct Express® card when you fill out your application. [Learn More](#).

If you do not choose an electronic payment option by March 1, 2013, you will receive your payments via the Direct Express® card so you will not experience any interruption in payment.

If you are already receiving your federal benefit payments electronically, this change will not affect you.

New Video Available!

New video explains the U.S. Treasury Department's requirement for electronic federal benefit payments.

- 1 Taxpayer Savings
- 2 Safety
- 3 Reliability
- 4 Convenience

DIRECT EXPRESS [Twitter](#) [Follow us](#)

Language: English | Card Fees, Features & More | Media | Partners

The Direct Express® Debit MasterCard® is a safer, more convenient way to receive federal benefits.

Sign up for the Card

- Enroll as a Benefit Recipient
- Enroll as a Representative Payee

[Continue](#) [Help?](#)

Great news for those receiving VA Compensation or Pension, RRB Annuity, and OPM (Federal Retirement) benefits! Call us today at 1-800-333-1795 and sign up to receive your payments on the Direct Express® Card. Online sign-up will be available soon.

Safe. No need to carry large amounts of cash, no risk of lost or stolen checks.

Convenient. Make purchases and get cash anywhere Debit MasterCard® is accepted.

Recommended. The U.S. Department of the Treasury and the Social Security Administration encourage you to sign up for the card.

Experience the safety of receiving your monthly benefits on a prepaid debit card. No more waiting for the mail. Your monthly benefits will be available on your payment day – on time, every time. [Want to know more? Click Here!](#)

Login to Your Card Account | **Enrollment Status** | **No Bank Account? No Problem!**

Take care of business online! Log in to check your balance, view account activity, transfer funds, and use a variety of additional services.

[Continue](#) [Help?](#)

Already signed up? Check your card enrollment status online. [Continue](#)

Anyone receiving social security benefits can enroll, even if you don't have a bank account!

To sign up for the card by mail, please click here.

[ATM Locator](#) | [Privacy Policy](#) | [Security Tips](#) | [About Direct Express®](#) | [Contact Us](#)

ATM Locator

Locate the Nearest ATM. Direct Express® cardholders can get cash from ATMs worldwide wherever the MasterCard® acceptance mark is displayed. Some ATM owners apply a surcharge fee to use their ATMs. This fee is in addition to any other fees applied. To locate the nearest ATM click on the MasterCard® brand mark below and you will be linked to their worldwide network of ATMs. Follow the web page instructions to narrow your search or simply enter your zip code and press enter.

How to Avoid ATM Surcharge Fees. Avoid this surcharge fee by using ATMs owned by the bank or network brand mark identified below. Click on any one of the brand marks displayed and follow their instructions to locate the nearest surcharge free ATM.

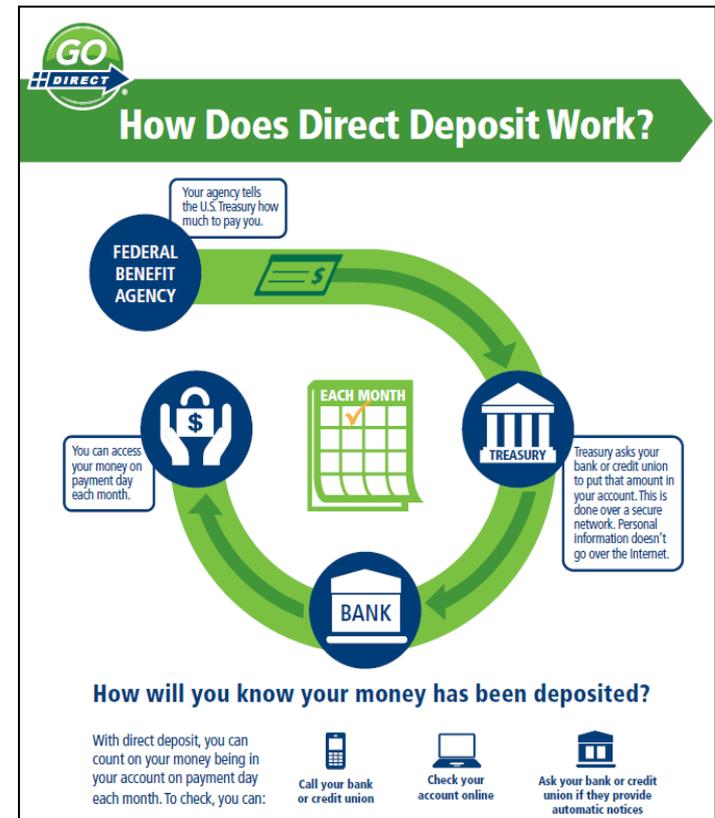
Tips When Using ATMs. Always read the ATM screen messages carefully. You may cancel the cash withdrawal transaction if you wish to avoid the surcharge fee. Press the enter key if you wish to continue and pay the surcharge fee.

Other Cash Access Options. Another option for obtaining cash is at a retailer location. Many retailers will provide cash back with your purchase at the point-of-sale terminal. Ask your retailer if they provide this service as a convenient way to obtain cash.

Financial Education Materials Available

Videos and fliers on these topics:

- How will I know my money has been deposited?
- How does direct deposit work?
- Are electronic payments safe?
- How can I use my **Direct Express[®]** card?



Switching to Electronic Payments: Fast, Easy and Free



Friendly staff at the U.S. Treasury Electronic Payment Solution Center are waiting to help people make the switch at (800) 333-1795.

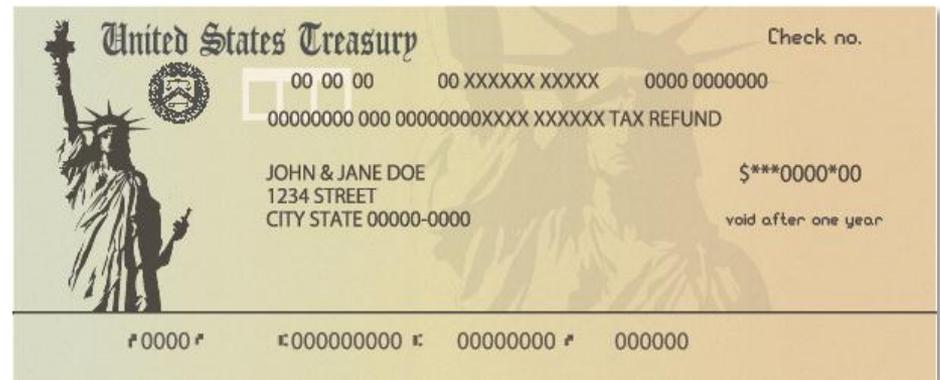
People can also switch online at www.GoDirect.org.



What do People Need to Know?

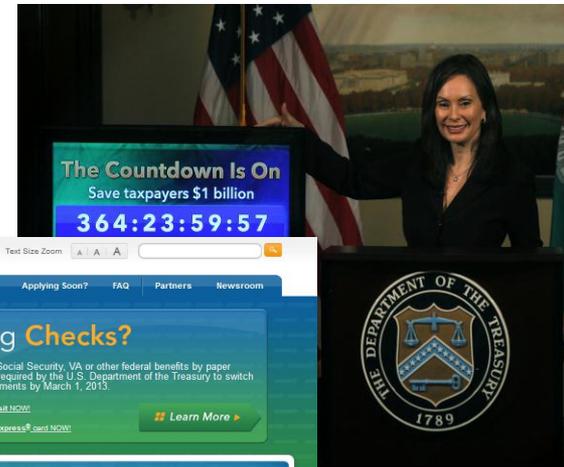
- For **direct deposit**, they will need:
 - Most recent federal benefit check
 - Social Security number or claim number
 - Account type (checking or savings)
 - Account number
 - Financial institution's routing transit number

- For the **Direct Express[®]** card, they need:
 - Most recent federal benefit check



Go Direct® Public Education Campaign

- The Treasury Department raises awareness through:
 - Partners
 - Media outreach and PSAs
 - Materials and website
 - Social media
 - Check inserts



When disasters strike, we can't deliver paper checks.

Switch to electronic payments now and get your money on time, every time. You are required to switch. Don't wait.

GO DIRECT DIRECTEXPRESS

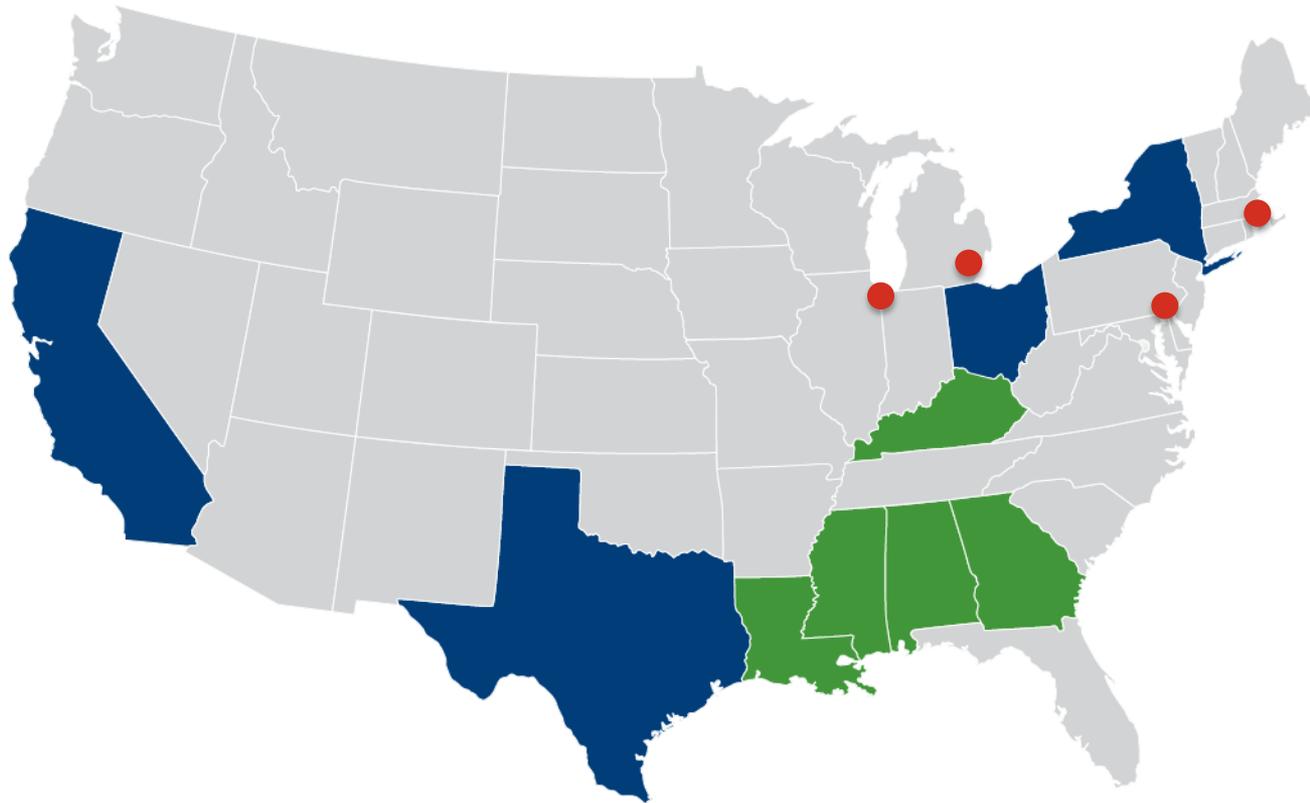
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Benefit Payments

New video explains the U.S. Treasury Department's requirement for electronic federal benefit payments.

- 1 Taxpayer Savings
- 2 Safe
- 3 Reliability
- 4 Convenience

Campaign Outreach Focus Areas

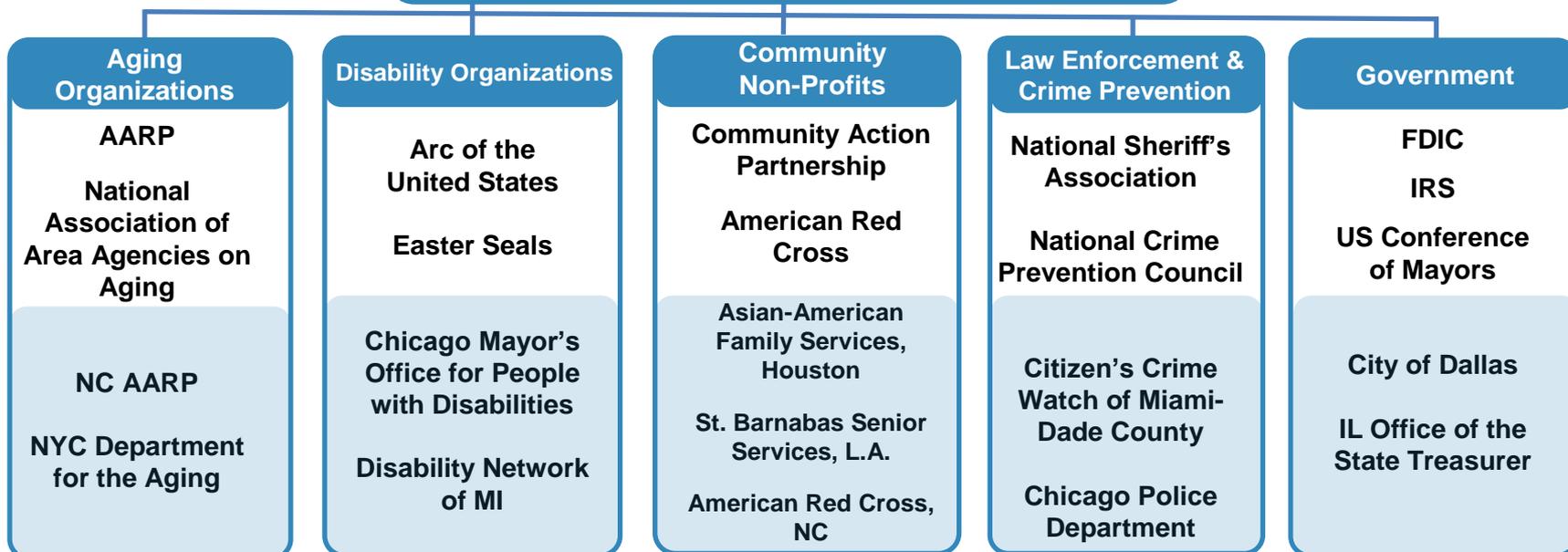


Go Direct® Campaign Partners

More than 1,200 Financial Institution Partners

<p>Wells Fargo</p> <p>Bank of America</p> <p>JP Morgan Chase</p> <p>PNC</p>	<p>Amalgamated Bank – NY</p> <p>First Citizens Bank and Trust – NC</p> <p>First Convenience Bank/ First</p> <p>National Bank – TX</p>
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More than 600 Community-Based Partners



Spread the Word. Get Involved!

- Your organization is in an ideal position to spread the word and help people take action. It's easy!
 - ✓ **TELL** people you serve about this important change and how it will impact their lives.
 - ✓ **SHARE** details about what they need to know to sign up for electronic payments.
 - ✓ **URGE** them not to wait until it's too late – sign up now!

Order Free *Go Direct* Materials

- **Fliers and Posters** to display in your facilities and hand out to the people you serve.
- **Newsletter copy and Brief Tips** to share in your newsletter, on your website or social media sites.
- **Instructional videos** about how to make the switch online or over-the-phone and how electronic payments work.
- **Web banners** to post on your Web site to link to GoDirect.org.

GO DIRECT

Important Change
To the Way You Receive
Benefit Payments

The U.S. Department
of the Treasury will soon
pay all
el

**APPLYING
OR AFT**
You will re
electron

**ALREA
BENEFITS**
You need

**All Federal Benefits Will
Be Paid Electronically**
Safer, easier, more reliable.

Applying for federal benefits?
Everyone enrolling on or after May 1, 2011,
will be paid electronically.

Already getting benefits by paper checks?
You will need to switch by March 1, 2013,
to an electronic payment.

Sign up today!

GO DIRECT **DIRECT EXPRESS**

Have a bank or credit
union account?
Get direct deposit.

Prefer a prepaid debit card?
Sign up for the Direct Express®
Debit MasterCard® Card.

www.GoDirect.org | (800) 333-1795

Social Security - Supplemental Security Income - Veterans Affairs - Railroad Retirement Board -
Office of Personnel Management - Department of Labor (Workforce)

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EFT Final Rule - Waivers

- Payment by EFT is not required under the following circumstances
 - Anyone over the age of 90 before May 1, 2011 and also receiving payment by check on March 1, 2013
 - Where the Direct Express[®] card is not available
 - For individuals not eligible for the Direct Express[®] card because the card has been suspended or cancelled
 - Hardship waivers
 - Remote geographic location
 - Mental Impairment
 - Individuals requesting a hardship waiver must complete the FMS 1200W form and have it notarized
 - Less than 1900 individuals have requested a waiver form
 - Only 485 individuals have submitted a waiver request to Treasury for approval

Payments to Skilled Nursing Facilities

- Nursing facilities serve as rep payee for many of their residents
- Nursing facilities need payment information to credit EFT payments to the correct resident
- SSA/SSI/RRB EFT payments to rep payees use the PPD plus format with addenda
 - Addenda includes name and SSN of resident
 - FMS is encouraging FIs to make this information available to nursing facility customers to support Treasury's EFT efforts
- Recent update to 31 CFR Part 210 permits Federal benefit payments to nursing facilities' Resident Trust Accounts
 - Provides convenience to residents and nursing facilities
 - Resident Trust Accounts must comply with strict Federal regulations that protect the resident and their funds
- FMS is working with the American Health Care Association to inform nursing facilities of the EFT requirement and to assist these facilities' and their residents with the conversion from check to electronic payments
 - FMS is discouraging the use of prepaid cards because they are not conducive to an institutional setting



Identity Theft Reports

- Scammers are increasingly persuading seniors and other vulnerable individuals to provide their personal information, such as their Social Security and bank account numbers, in response to phone solicitations.
- Reports of benefit payments re-directed from Direct Deposit to prepaid cards as a result of lottery and other scams.
- Important for victims to immediately contact the Federal benefit agency if they suspect a change in a Direct Deposit.
- Always protect personal information, never give out information to unverified sources
- www.stopfraud.gov is an excellent resource
- Identity theft cases can be reported to the Federal Trade Commission at 1 - (877) ID-THEFT



EFT Fraud Mitigation Efforts

- FMS has strengthened its authentication controls for Direct Express® enrollments
- Worked with NACHA on an Operations Bulletin to financial institutions making them aware that institutions initiating erroneous/fraudulent enrollments resulting in a loss to the Government would be held liable.
- FMS is working through the Network Branded Prepaid Card Association (NBPCA) to encourage prepaid card issuers to implement stronger identity verification controls.
 - Two large prepaid card issuers have implemented additional controls to strengthen their authentication procedures
 - Initial data shows that these measures have reduced fraud
- Recurring meetings between the NBPCA, FMS, prepaid card issuers, and the Federal benefit agencies to provide a venue for communicating issues relating to prepaid card enrollment fraud.
- FMS is analyzing payment data to identify trends where prepaid card fraud may be suspected
 - These results have been shared with benefit agencies' OIG officials, agency payment officials and representatives from FINCen for further research.



QUESTIONS?

The End of Social Security Checks: The 2013 Transition to Electronic Payments

December 5, 2012

Lauren Saunders
Margot Saunders
National Consumer Law Center

A Few Notes on Waivers

- Rep Payees themselves must satisfy the waiver requirements.
- Waivers difficult to request or obtain:
 - Requests must be made in writing to Treasury
 - With a *certification* regarding the need for the waiver
 - Notarized
- Let us know about special circumstances that should permit a waiver.

Consider Opening a Bank Account for Direct Deposit

- New garnishment protections.
- Old ChexSystems problems may no longer disqualify people from opening an account.
- Bank On programs, many credit unions and some banks have second chance or checkless checking accounts.

But Problems with Bank Accounts Remain

- Overdraft fees: Don't opt-in!
- Bank payday loans: Stay away!
 - Wells Fargo: "Direct Deposit Advance"
 - US Bank: "Checking Account Advance"
 - Fifth Third: "Access Now"
 - Regions: "Regions Ready Advance"
 - Bank of Oklahoma: "FastLoan"
 - Guaranty Bank (WI, IL, MN): "Easy Advance"
- Monthly, other bank fees going up.

Garnishment Rule

- Vastly strengthens protections for exempt federal benefits deposited into bank accounts and subaccounts (prepaid cards)
- Applicable to state and federal banks and credit unions
- Requires procedure in *every case in which bank receives a garnishment order*

Funds Protected by Garnishment Rule

- Protects federal *exempt* benefits:
 - Social Security
 - SSI
 - Veterans Benefits
 - Railroad Retirement and Railroad Unemployment Benefits
 - Federal Employee Retirement
- Does *not* protect:
 - Military pay or retirement benefits
 - Coast Guard payments
 - Other federal agencies (i.e., federal wages)

Federal Debts, Child Support, Alimony

- Garnishment orders from the federal government (i.e., taxes, federally guaranteed student loans) or state child support enforcement agencies are not covered by the rule (may be garnished).
- Garnishment orders from private child support or alimony collectors are covered and are treated as any other debt. (Such orders must be served on government and proceed by offset.)

Process if Garnishment Order Served on Bank

- Is required notice from federal agency or state child support agency included?
- If “yes,” garnishment proceeds without protections for federal funds in the account.
 - no protections against garnishment from state child support agencies, and the entire amount in the account can be seized.
 - We hope to change this as it applies to child support agencies’ garnishment of SSI benefits.

Garnishment rule process (cont.)

- Were exempt Federal benefits *electronically* deposited in this account in last two months?
 - If “no,” garnishment proceeds normally under state law.
 - If not deposited electronically, no automatic protection.
- If “yes,” bank calculates “protected amount,” the lesser of:
 - All exempt benefits electronically deposited into that account in the previous 2 months, or
 - The balance of the account on the day the review is conducted.

Access to Protected Funds

- The bank cannot freeze, or otherwise restrict the account holder's "full and customary" access to the protected amount.
 - Bank is required to provide the same degree of access to the account as before.
- Bank sends Notice describing what happened, how consumer can protect exempt, but seized, funds.
- Bank is protected from liability for contempt citations, penalties, or other action by creditor.

No Court Process Required for Protected Funds

- Self-executing: debtor not required to do anything.
- Creditor cannot challenge the exempt status of any funds *within the protected amount*.
- Debtor can follow state procedures to protect exempt funds that have been seized.
- Continuing garnishments prohibited against accounts with protected amounts in them.
- Repeat servings of the same garnishment order are to be ignored by bank.

Comingled Funds or Accounts, Older Payments

- Commingled funds and co-owners make no difference on protected status of funds.
- No cap on amount of benefits protected
- Determination is entirely based on sum of exempt benefits deposited into *each* account within 2 months
- Lump sum payments protected only if deposited electronically within 2 month period.
- No protections for funds transferred from another account.

Scenario

- Monthly \$1500 SSA benefit deposited on 5th
 - Left over funds from SSA lump sum deposited 1 year ago of \$4000
 - Monthly deposit of state pension of \$350
 - Garnishment order comes in October 10
 - Recipient has spent \$550 so far that month
- => Balance is \$5,300 ($\$1500 + \$4000 + \$350 - \550)

Determining Protected Amount

- Look back 2 months from date garnishment order received
 - Here, lookback begins October 12, back to August 12
 - Two months of SS benefits deposited (Sept 5 and Oct. 5)
- Protected amount is the lesser of 1) the sum of federal benefits electronically deposited in account in two months, or 2) the amount in the account. Here that is \$3,000
- Difference between balance (\$5,300) and protected amount (\$3,000) will be seized to satisfy garnishment order: \$2,300 seized by bank

Process to Seize Funds

- Bank garnishment fee of \$100 is subtracted from the un-protected funds.
- \$2,200 is seized to satisfy garnishment order.
- Recipient is provided a notice from the bank informing her of protected amounts, seized amounts, and state procedures to claim exemptions in seized funds.

Other Protections for Funds Beyond “Protected Amount”

- Under most state laws, pension funds are exempt from garnishment.
- Lump sum SSA distribution retains protection under Section 407.
- Recipient can use state court procedure to obtain release of seized funds.
- It is not clear whether she will be able to obtain release of bank’s garnishment fee.
- Bank’s garnishment fee cannot be taken from protected funds, but Treasury Rule does not prohibit its seizure from exempt funds, just from protected funds.

Impact on State Laws

- Weaker state laws are preempted (such as those with ongoing garnishment orders)
- Stronger state laws are to be honored
 - Pennsylvania protects first \$10,000 of any account containing exempt benefits
 - California protects up to \$2,700 of directly deposited SS benefits
 - NY protects flat \$2,500 within 45 days

- Questions on garnishment process?
- Next: Prepaid cards

Deposits to Accounts Not in Beneficiary's (or Rep Payee's) Name

- The only subaccounts eligible:
 - Prepaid cards.
 - Nursing homes.
 - Religious orders.
- Treasury cracked down on illegal master/subaccounts.
 - let us know if you see any

Two Prepaid Card Options

- Direct Express Card
- Privately selected prepaid card (available at some banks, drug stores, markets, WalMart, AARP, etc.)

Direct Express Card

Pros:

- Very few fees.
- Wide ATM network.
- Customer service trained for this population.

Cons:

- Cannot deposit other funds.
- No bill payment feature (but can use online as a debit card).
- \$0.90 ATM fee after the first withdrawal each month.



The Only Fees on Direct Express Card

\$ 0.90	ATM fee, after the first free withdrawal per deposit (plus surcharges)
\$ 0.75	Automatic monthly paper statement
\$ 1.50	Automated telephone (IVR) transfers to another account
\$ 4.00	Replacement card after one/year
\$13.50	Expedited delivery of replacement card
\$ 3.00	International ATM withdrawals
3%	International purchases/withdrawals

Tips on Direct Express Card

- Ways to access cash without fees:
 - at network ATMs (once per deposit)
 - cash-back from a purchase
 - at teller window at any MasterCard bank.
- Sign up for free deposit and low balance alerts by telephone, email or text message
- Sign up for paper statements (\$0.75/mo)

PayPerks Financial Literacy Program for DirectExpress cardholders

Postcards to Existing Cardholders

How to play

- Scratch off to see how many bonus points you have earned.
- Sign up with your Scratch Bonus Code **BC-XXXXXXXX** at www.payperks.com to claim your bonus points, and earn more to win cash prizes.
- After you sign up, you'll be able to enter "PayPerks Activation ID" to have even more chances to win cash prizes each month. Remember, the more you learn, the more you win!

Win cash each month
Gana premios en efectivo cada mes

Great news! PayPerks is now available on your Direct Express® card.

Go to www.payperks.com and follow instructions on back to claim your bonus points!

Scratcher Bonus Code **BC-XXXXXXXX** Bonus Points **10**

Serial number: 100038677
www.payperks.com

Inserts in Card Fulfillment Packs

Win cash each month
Gana premios en efectivo cada mes

Great news! PayPerks is now available on your Direct Express® card.

Buenas noticias! Ahora PayPerks está disponible en su tarjeta Direct Express®.

PayPerks is a rewards program that gives Direct Express® cardholders chances to win cash prizes! Go to www.payperks.com and follow instructions on back to claim your bonus points!

Scratcher Bonus Code **BC-XXXXXXXX** Bonus Points **10**

PayPerks es un nuevo programa que le ofrece la oportunidad de ganar premios en efectivo a los tarjetasahientes de Direct Express®. Ingrese a www.payperks.com y siga las instrucciones al otro lado de este ticket para obtener sus puntos extra!

www.payperks.com

Serial number: 100038677
Catalog number: PAYPERKS01

1 Chases and Get at a Merchant

2 Make Spending Easy

3 Earn with PayPerks

Check your balance/see transaction history.
Select or change your PIN.
Make questions about Card use.
Report lost or stolen cards.
Set up optional services.

Visit our Website at www.USDirectExpress.com

Private Prepaid Cards Now Eligible for Federal Direct DepositsWith Conditions

- FDIC insurance on pass-through basis to consumer (AmEx Bluebird card ineligible)
- Comply with EFTA/Regulation E (i.e., dispute rights but no automatic statements).
- No line of credit or loan agreement triggering automatic repayment.

No Lines of Credit Triggering Automatic Repayment

- Protects SS/SSI from payday loans.
 - Tell us about any cards with credit features!
- Might prohibit overdraft fees on prepaid cards.
 - But Netspend ACE Cash Express card has opt-in overdraft “protection” (can add \$15-\$45/mo to cost of card).
 - Tell us about any overdraft fees on prepaid cards receiving federal payments.

What You Can Do to Help

- Identify seniors, vets, individuals with disabilities still getting paper checks.
- Inform them of the need to set up electronic payment, their options, how each option works.
- Help them set up direct deposit, get on the Direct Express Card, or open a bank or credit union account.
- Troubleshoot: let us know about issues, problems that need to be address.

For More Information

NCLC.org (fact sheet, other information)

- Issues

- Other Consumer Protection Issues

- Protection of Exempt Public Benefits

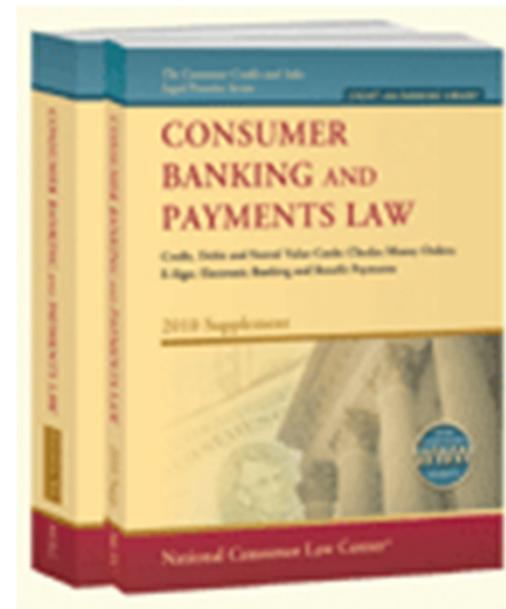
<http://www.nclc.org/issues/protection-of-exempt-public-benefits.html>

Electronic payment rule:

31 C.F.R. § 208

Garnishment rule:

31 C.F.R. § 212



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QUESTIONS?