

Be a Savvy Consumer & Scams

Being a savvy consumer doesn't necessarily mean you need any special skills or expertise. Taking the time to research your options and make decisions when it comes to contracts, credit, loans, or other types of financing will help you understand the terms, avoid hidden fees and extra costs before signing on the dotted line.

Cell Phone Contracts: Did you know that the majority of Americans pay too much for their cell phone service? When shopping for a new phone, be sure to ask whether you will be charged for items such as service charges, activation or early termination fees, directory assistance, downloads, etc.

Credit, Debit, Pre-Paid & Gift Cards: These cards may all look the same, but are very different.

- Credit cards are like loans and will charge interest on purchases.
- Debit cards allow you to withdraw money from your own checking account.
- Prepaid cards, payroll cards, and gift cards let you spend down funds that have been loaded on a card, but they aren't connected to a checking account and often have lots of fees.

Buy-here, Pay-here Car Loans: A tool that can help people with poor credit secure auto financing. They're offered by car dealerships that both sell and finance its cars. These loans might not help you build credit and can come with high costs. Consider alternatives such as a local bank or credit union, saving for a downpayment, having a co-signer, etc. Our Consumer Tips sheet and NPR's Life Kit (*"How To Buy A Car"*) can help you navigate these options.

Predatory Lending is any lending practice that uses deceptive or unethical means to convince you to accept a loan under unfair terms or one you don't actually need. Predatory lenders often target the elderly, the less educated, lower income households, and communities of color.

Consider all other options before agreeing to one of these loans, which can include:

- **Payday Loans & Cash Advances**, which are short-term, high-interest loans usually for under \$500 and due on the next pay day. They are expensive and can damage your credit, sometimes adding up to 300% interest.
- **Car Title Loans** are marketed as small emergency loans for a short period of time with very high interest rates; you need to give the lender the title of your vehicle.



SMART MONEY TIPS

The following can help you navigate contracts, financing, and more:

- Take the time to read the fine print. Don't let anyone rush you and ask questions if you don't understand something.
- Be on the lookout for hidden fees or extra costs.
- Shop around. Compare costs and plans when looking for various services.
- Review your statement for the terms, conditions and fees associated with an account or card (i.e., balance transfers, late payments, cash advances, credit limits).
- Know the Annual Fee and Annual Percentage Rate (APR) on each credit card you own.
- Seek out alternatives for high-cost loans and financing. Check local banks or credit unions, talk to family or friends or credit counselor.

4 Signs It's a Scammer:

- They **PRETEND** to be from an organization, government agency, or business you know.
- They say there's a **PROBLEM** or **PRIZE**.
- They **PRESSURE** you to act immediately.
- They tell you to **PAY** in a specific way.

View our Consumer Tips: Avoiding Scams, Fraud & Predatory Practices worksheet at BankOnMilwaukee.org/resources.

Be on the lookout for and avoid scams: Most scams, fraud and identity theft schemes promise easy money, prizes or a debt-free life in exchange for upfront money or personal information. Scammers reach out via phone, text or email (phishing) to get your personal information or account and claims. Common scams include access to social security or unemployment benefits.

Don't give out your personal information and resist the pressure to act immediately. Talk to someone you trust if you're unsure. If you think the information is real, it's still best not to click on any links. Instead, contact them using a website you know is trustworthy or look up their phone number. Report any scams to the State and Federal authorities (see next page).

Protecting Yourself from Identity Theft & Fraud

Identity theft and identity fraud refer to all types of crime in which someone wrongfully obtains and uses another person's personal data in some way that involves fraud or deception, typically for economic gain. They are getting more sophisticated every day, so it is important to stay vigilant and up-to-date on the new ways they are taking advantage of people.

Protect your personal information and identity

- Keep your financial records in order. Look at bank statements and bills as soon as they arrive, and immediately report any discrepancies or suspicious activity like an unauthorized withdrawal or charge.
- Take advantage of any identity protection services from your bank or credit union. Some allow you to set up alerts about charges that seem different from your normal spending habits (amount, location, etc.).
- Don't provide your credit card, bank account or social security numbers to any unknown caller.
- Do not provide personal information to unsolicited calls, even if the call is from a company or organization you have done business with in the past.
- Leave your social security card, credit cards you don't use and other personal account information at home in a safe place. Do not store or leave any of these items in your car console or glove box either.
- Shred documents you no longer need that have account numbers and personal information on them.
- Use antivirus and spyware protection software and firewalls on your computer, and be sure to update them!
- Use passphrases — a string of unrelated words with spaces between — rather than passwords. Change them often.

IRS Fraud

You may not know you're a victim of identity theft until you're notified by the IRS — via mail — of a possible issue with your tax return. **NOTE: The IRS does *NOT* do the following:**

- Initiate contact with taxpayers by email, text or social media to request personal or financial information.
- Call with threats of lawsuits or threaten to bring in local police, immigration officers or other law-enforcement to have you arrested for not paying. The IRS cannot revoke a driver's license, business licenses, or immigration status.
- Call, email, text or connect through social media to request PIN numbers or financial information.
- Demand that you pay taxes without the opportunity to question or appeal the amount they say you owe.

Protect Your Home, Property, & Business

- Foreclosure prevention companies offer to solve all of your problems for a fee, but **HELP IS FREE!** Local, professional agencies are available to help you take steps to prevent foreclosure at no charge. (See page 14)
- Before you hire a contractor, ask family and friends for recommendations. Ask the contractor for references from their customers and look them up through the Better Business Bureau. bbb.org or (414) 847-6000
- Always be sure to obtain more than one estimate for any service being done to your property. Read everything carefully before you sign, and don't be rushed. Review this fact sheet on home improvement consumer tips from the Department of Agriculture, Trade and Consumer Protection (DATCP): datcp.wi.gov/Pages/Publications/HI-ConsumerTips136.aspx.
- Businesses can fall victim to many of the same scams and fraud issues that individuals do. Take similar precautions for business as you would yourself — use anti-virus, encrypt sensitive data, use passphrases, etc.

SMART MONEY TIPS

If your identity is stolen, report it the Federal Trade Commission right away. They can help you build a recovery plan. Visit identitytheft.gov to start the process. You can also file a complaint through the State of Wisconsin (DATCP) — see below.

Opt-Out of pre-approved credit card and insurance offers: optoutprescreen.com. Stop unwanted marketing offers by signing up for:

- Do Not Call list: donotcall.gov or call 1-888-382-1222
- Do Not Mail list: dmachoice.org (\$2 processing fee to opt out for 10 years)
- Do Not Email list: ims-dm.com/cgi/optoutemps.php

Report Scams!

Wisconsin Consumer Protection Hotline
(800) 422-7128 or datcp.wi.gov

Federal Trade Commission
(877) 382-4357 or reportfraud.ftc.gov

