A PROJECT OF THE DISABILITIES LAW PROGRAM

OF COMMUNITY LEGAL AID SOCIETY, INC.

Transition to Adulthood:

What you need to know as an individual with a disability.

**Bank and Credit Cards**

MADE POSSIBLE WITH SUPPORT FROM

THE DELAWARE DEVELOPMENTAL DISABILITIES COUNCIL

**Bank Accounts**

When deciding what type of bank account to open, first, you should ask about the types of accounts that are available. This will help you decide what type of accountwould be right for you. Ask about the services and interest rate, but it’s also important to ask about the fees, if you would be required to keep a minimum balance, and the bank’s overdraft program services. Of course you want to try to avoid having to pay fees as much as possible, so you can keep your hard earned money for yourself!

**ATM Cards, Debit Cards and Prepaid Reloadable Cards**

*ATM (Automated Teller Machine) Cards*

These cards are obtained from your bank and are linked to your checking or savings account. The card and personal identification number (PIN) can be used to deposit funds into your bank account, and to withdraw or transfer money between your accounts. If the transaction will include any surcharges or fees, you must be informed and be given an opportunity to cancel the transaction cost-free.

D*ebit Cards*

These cards are also obtained from your bank and can be used to make retail purchases (e.g at the grocery store) and require you either enter a PIN or sign for the purchase. The card is linked to your checking or savings account. These look like credit cards, but they work differently. Debit cards immediately transfer the money from your bank account to the store’s bank account as soon as you make the purchase. This is unlike a credit card, where you will receive a bill at a later date from the credit card company. It is important to know that if you use of a debit card, the law does not allow you to stop payment if you have an issue with the purchase or the seller. Instead, it is you responsibility (not the responsibility of the card issuer) to resolve the problem with the seller.

If you suspect your debit card has been lost or stolen, call the card issuer immediately. While federal law limits your liability for a lost or stolen credit card to $50, your liability for unauthorized use of your ATM or debit card can be much greater, depending on how quickly you report the loss.

* If you report a debit card missing before it is used, you are not responsible for any unauthorized withdrawals.
* Your liability is limited to $50 if you report the loss within two business days after you realize your debit card is missing and to $500 if you report the loss after two but before 60 days.
* If you have not reported an unauthorized use of a debit or ATM card 60 days after your bank mails the statement documenting the unauthorized use, you could lose all the money in your bank account as well as the unused portion of your line of credit established for overdrafts.[[1]](#footnote-1)

*Prepaid Reloadable Card*

Funds are loaded onto these cards in advanceand can be easily reloaded. It may be a convenient way to take away some of the overspending risks associated with a credit card. But you need to be sure you understand the terms and risks. The Federal Deposit Insurance Corporation officials have warned that many prepaid cards have more fees and fewer protections than traditional bank accounts.

**Credit Cards**

Credit is the ability to get goods or services before you have completely paid for them. Credit cards are not the same as cash - you must pay interest on balances and other fees to use them. If you are under 21, you must have an adult co-signer or provide proof that you have the income to pay off your credit card debt in order to get a card. Late payments can result in penalty fees and damage your credit score (see more below, under Establishing Credit). If you only make the minimum monthly payments, you could wind up paying much more than you spent/borrowed in the first place. By law, credit card companies must tell you how the interest charges would add up if you only paid the minimum each month and what your total cost would be. If the card is lost or stolen, it is very important to report it immediately to the bank or company that issued the credit card. If you report the loss promptly, you will typically not be held responsible for more than $50 of unauthorized charges on the card.

**Community Legal Aid Society, Inc. Contact Information**

This handout is not intended to be legal advice. Remember that every person’s situation will be different. For questions on your specific situation, you may apply for free legal assistance from Community Legal Aid Society, Inc. (CLASI).

To learn more about transition, visit [transition.declasi.org](file:///C%3A%5CUsers%5Cmband%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CTemporary%20Internet%20Files%5CContent.Outlook%5C5WZR22IM%5Ctransition.declasi.org).

Visit us on the web at <http://www.declasi.org> or contact us at one of our three office locations:

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302-575-0660

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Kent County

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302-674-8500 (TTY/TDD Also)

302-674-8503 Disabilities Law Program

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302-856-0038 (TTY/TDD Also)

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*Current as of January 2015*

1. See <http://www.usa.gov/topics/money/banking/atm-debit.shtml>. [↑](#footnote-ref-1)