



6 TIPS FOR SELECTING A PREPAID CARD

- I. *Consider a prepaid card at a bank.* Bank prepaid cards generally differ from the ones on retail racks in a few important ways. Banks don't like to nickel and dime their customers. Think of it as the difference between a la carte versus "all you can eat." They charge a monthly fee up front, but it usually costs nothing to make any purchases, use one of their ATMs, to get a statement, or to call customer service. Be aware that while the bigger banks cannot offer overdraft - a good thing - they cannot offer a card with online bill payment, either. Since you will be going into a bank, it is more likely that you will develop the kind of relationship that leads to a more complete financial life. Even if you have been unable to qualify for a checking account, a bank will give you a prepaid card. That gets your foot in the door – the rest is up to you.
- II. *Pick a card with a savings account.* Some cards are only for spending, but a few will also give you the choice of designating a separate account for savings. Some prepaid savings cards will let you put up to \$2000 in a savings account that pays several percentage points of interest. That is better than you can get with a checking account!
- III. *Know where you can use a free ATM.* Generally, prepaid cards do not have their own ATM networks. The big bank prepaid cards are the exception. However, almost all of the cards pay to be a part of a fee-free network like AllPoint or MoneyPass. The "free" part is the cost to you from the ATM provider; in these arrangements, the card company pays the fee-free ATM company. Do find out if the card itself plans to charge you a separate fee. Some do, and some don't, but ATM fees ultimately make up a very high share of overall prepaid card fees. Before you pick a card, find out which fee-free network it uses and then see if those ATMs are in places that you are likely to frequent. The most common places are in gas stations, at a mall, or in a grocery store.
- IV. *Know how you will put money on the card.* Unless you direct deposit, you will probably have to pay to put money on your card. This can add up: loads are usually between \$2.95 and \$4.95. Most cards will load with a Green Dot MoneyPak, but some can take other load tools. MoneyPak is the most expensive, but ReLoadIt, MoneyGram, or Western Union usually cost less. By the way, you can load your branch bank card for free.
- V. *Shop online:* Some of the most affordable prepaid debit cards are only sold over the internet. Why? Because retailers charge money to stock products. Since prepaid card companies are paying to rent space in a store, they pass the costs on to you. Generally, online cards are more suitable for people that will use their card every day.
- VI. *Consider Mobile banking:* Decide if it is important to be able to use your smart phone for banking. Some prepaid cards have very robust apps that add a lot of convenience to your banking. Some allow you to transfer money to a savings bucket with the swipe of a slider bar. Many allow a user to deposit a check by taking a picture of the front and back of the check.