Prepaid Card Basics

What you should know
about using prepaid cards.

VISA

wisely
by ADP

What are Prepaid Cards?

A prepaid card can be loaded with funds to make purchases anywhere a debt card is accepted. It looks like a debit or credit card and is a safe alternative to carrying cash and paying check-cashing fees. They are a good option for traveling and are a popular gift-giving idea because they are widely accepted.

Unlike credit cards, you cannot take on debt with a prepaid card, nor are prepaid cards linked to your bank account like debit cards. A prepaid card has a zero balance until money is added to it. When you make a purchase with a prepaid card, the amount is subtracted from the balance on the card. Once the balance reaches zero, the card is empty.

With Prepaid Cards You Can

- Make purchases in person, online or by phone
- Give gifts to friends and family
- Withdraw cash from an ATM or bank
- Receive wages or funds by direct deposit to the card
- Pay bills
- Once the card balance reaches zero, it can be thrown away unless it is a reloadable card

Tip: Some prepaid cards can have money reloaded onto them so they can continue to be used. Others, such as gift cards, can be discarded when all of the funds are spent.

Types of Prepaid Cards

Open Loop: An electronic payment network-branded card honored wherever the network is accepted.

Closed Loop: A card used for transactions exclusively at a particular merchant's locations.

Reloadable Cards: A prepaid card that you can add money to.

Gift Cards: A non-reloadable card that can be given as a gift and used until the balance is zero.

Payroll Cards: A card provided by your employer to receive your paycheck.

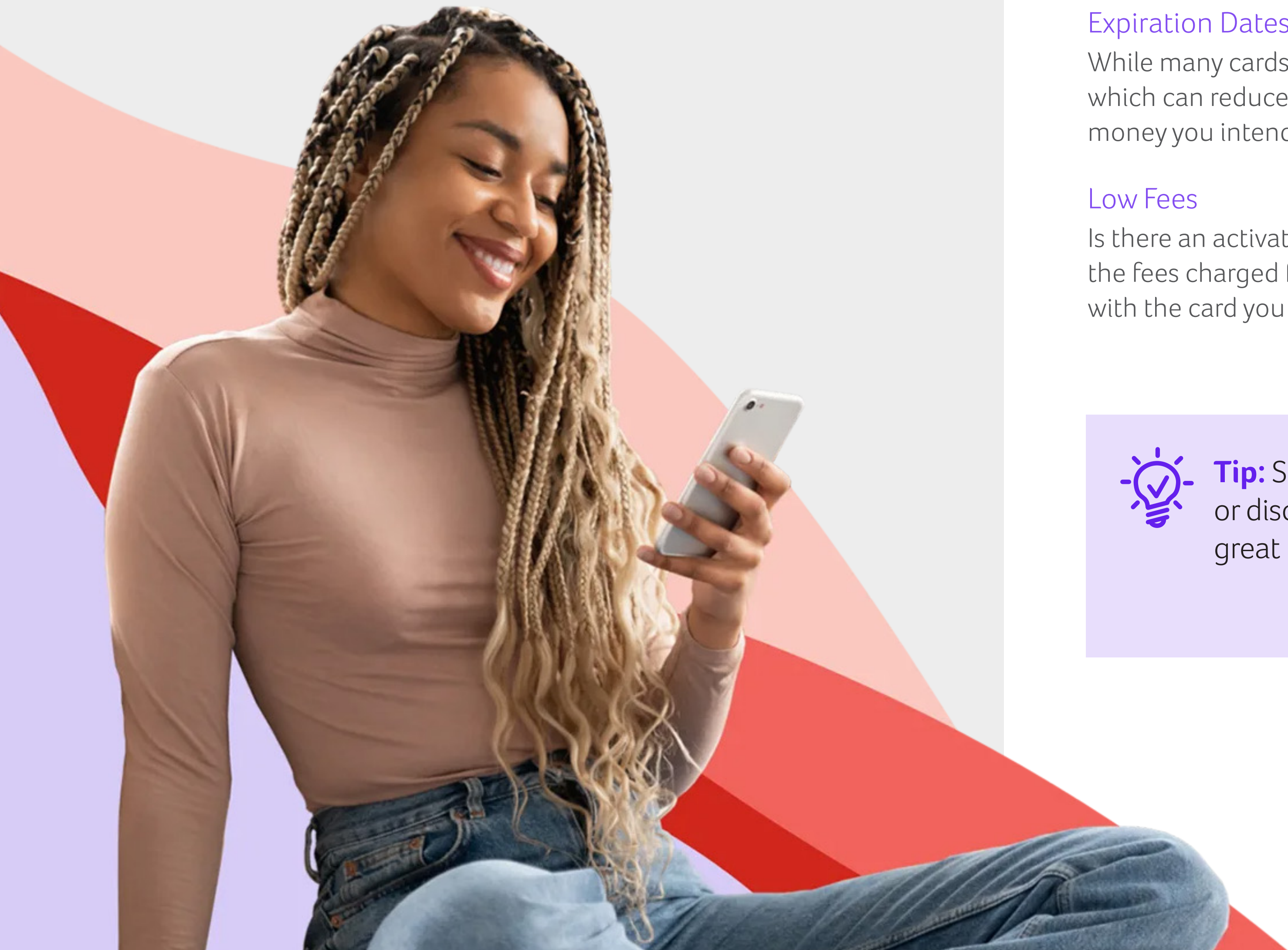
Teen and Student Cards: Parents can teach teens and students financial responsibility while monitoring their spending with these cards.

Travel Cards: An alternative to cash and traveler's checks, some cards offer lost luggage reimbursement, emergency card replacement and zero liability.

Government Cards: Used by government agencies, they can pay certain benefits such as unemployment insurance.

Flexible Spending

Prepaid cards offer flexible spending without the risk of debt, making them ideal for everyday use or travel. Because you can only spend what you load, they're a smart tool for budgeting and managing expenses. From teen spending to gift-giving, there's a prepaid card tailored for every need.



Prepaid Card Features

There are many prepaid cards out there, and choosing the right one is important. What features are most important to you?

Reloadable

Some prepaid cards allow you to add money once the balance reaches zero. Gift cards are not reloadable.

Liability Protection

Some prepaid cards will protect your balance in case the card is lost or stolen. Look for a card that offers a zero-liability policy.

Expiration Dates

While many cards do not expire, some carry monthly maintenance fees, which can reduce your card balance. Prepaid cards are best for storing money you intend to spend in the short term.

Low Fees

Is there an activation fee charged when you set up the card? What are the fees charged for ATM withdrawals? Take note of any fees associated with the card you choose.

Tip: Some prepaid cards offer perks like cash back or discounts on certain purchases, making them a great option for saving money on everyday expenses.

Protect Yourself and Your Money

Once you've chosen a prepaid card or received one, it's up to you to keep your money safe.

Use the Card Carefully

Keep track of your balance so you don't get charged a fee for trying to spend more than is available. If your wages or other benefits are deposited directly onto the card, make sure you know the amount and timing of the deposit.

Keep Your PIN Secret

Pick a number that's hard for someone else to guess—not your birthday or address. Don't tell it to anyone or write it where it could be easily found.

Remember Important Info

Make sure you know your card issuer's policies for lost or stolen cards and keep your card number and the customer service phone number in a safe place at home.

Act Quickly

If your card is lost or stolen, let the card issuer know right away. Most card issuers will freeze the funds so the card can't be used and send you a new card with your remaining balance on it.

Tip: Regularly review your transaction history to spot any unauthorized charges and report them immediately. Set up balance alerts to stay informed about your account.

The Smarter Way to Pay

Prepaid cards offer a secure and convenient way to manage your money without the risk of overspending. They're great for sticking to a budget, avoiding debt, and making everyday purchases or online payments. With no link to your bank account, your personal information stays protected. Whether you're shopping, traveling, or teaching kids about money, prepaid cards put you in control.

Debt Management Resources

There's help available when you're struggling financially. If you think you're falling behind in payments, credit counseling resources are available at little or no cost.

National Foundation for Credit Counseling

1-800-388-2227

www.nfcc.org

The Federal Trade Commission

1-877-382-4357

www.ftc.gov/bcp/menus/consumer/credit/debt.shtm

American Consumer Credit Counseling

1-800-769-3571

www.consumercredit.com