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Gift Cards: Know the Terms and Avoid Surprises

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Many people are enjoying the convenience of the ever popular gift card now that Christmas is over. Gift cards are a welcome gift and fun to use; however, each card is different, and there are some terms and conditions that you should be aware of. Knowing these can save you time, money and frustration.

Before we get too detailed, here is a quick rundown of the different kinds of cards available:

- Store gift cards—Store cards are branded by a single merchant or group of merchants and can only be used at those specific stores.
- Network branded gift cards—Such as American Express, Discover, MasterCard or Visa, these cards can be used wherever the network credit cards are accepted. At Arbor Bank, we offer Mastercard gift cards.
- Reloadable prepaid cards—These are similar to store gift cards but are reloadable. Be aware that the federal rules that cover these cards are different than other gift cards. If it's sold as a prepaid card, the card issuer may immediately start charging monthly service fees.

Here's how to make sure you're getting the most out of your gift cards:

- Read the fine print—Gift cards are required to spell out what fees they charge. Even though the federal rules are the same for all gift cards, additional policies may be set by the merchant or bank issuing the card. Be sure you understand these policies.
- Lost/Stolen Cards—What happens if you lose your card or if it's stolen? Some issuers might not replace them. Other issuers may replace the card, but only if you registered it before it was lost or stolen. Make a photo copy of the front and back of the card and keep it in a safe place. Make sure you can read the card number, security code and customer service phone number, and call them immediately when you notice your card is missing.
- Treat the card like cash—Keep your card until you are sure that no items purchased will need to be returned. Some merchants require that refunds be added back to the card.
- Service charges—Federal rules state that gift cards cannot charge inactivity or service charges for the first 12 months. However, after that first year, these fees could start to eat away at your card's value. Make sure to be aware of these conditions.
- Old cards—If you find an old, forgotten gift card that has an expiration date, it's a good idea to call the phone number on the card to see if the funds are still available. Under current federal law, gift cards that expire in less than five years cannot be sold. If funds are still available, a new card must be issued to you at no cost.