

Car Loans • Insurance • Credit Cards • Predatory Lending • Identity Theft • Credit Scoring

*A Financial Guide for*  
**Young Consumers**  
**Wheels, Deals & Spiels**

Florida Department of  
Financial Services  
1-800-342-2762  
[www.fldfs.com](http://www.fldfs.com)



# Your financial life *is just beginning.*

The decisions you make now will put a steering wheel and a credit card in your hands. But they will also affect your financial future. Your choices may even prevent scam artists and identity thieves from stealing your money and your name. Read on to find out how to look out for yourself. If you have questions, call the Florida Department of Financial Services (DFS) Consumer Helpline toll-free at 1-800-342-2762.



## I'm Buying a Car!

That's great. But before you go down that road, here are a few things to think about:

- There are thousands of auto dealers in Florida. While most are licensed, legitimate businesses, some aren't. If you don't see a current business license on display, ask to see it. If you have doubts about the dealer, call your local Better Business Bureau or chamber of commerce.
- Most new cars come with factory warranties; most used cars don't and are sold "as is." You have the right to have a used car checked out by your mechanic before you buy it. If the seller won't let you do this, walk away.
- After you shop for the best price, do the same with financing. Make sure the interest rate is stated as an annual percentage rate (APR). Compare APRs to get the best deal on financing.
- Your car loan can come from a bank, credit union, or even from the dealer. If you are considering dealer financing, call DFS at 1-800-342-2762 to check on licenses and complaint histories.
- If you're under 18, you can't sign for a loan. Ask your parents about taking out a loan for your car. You'll learn about handling money responsibly as you pay them each month.
- If you're 18 or older, you might be able to get a loan in your name, but some lenders may require a cosigner (such as one of your parents) who will be responsible for the loan if you default. It's a great way to establish your credit history.
- Your current job, credit history and the amount of your down payment may affect your interest rate and your total interest costs.
- You will need proof of insurance and vehicle tag before you take possession of your car. Some dealers offer tag and insurance services. Compare their insurance rates with those of an insurance agent and ask how much the dealer will charge to process and deliver your tag. You might save money by getting the tag and insurance yourself.



# I Need Insurance?

Yes, you do. Some insurance is required by law. Other types aren't required, but they're good to have. Insurance protects your finances if you are involved in an accident. Insurance policies have limits on the amounts they will pay for claims.

- Florida law requires at least \$10,000 in Personal Injury Protection (PIP) and \$10,000 in Property Damage Liability (PDL). PIP, or "no-fault" insurance, covers 80 percent of necessary medical costs and 60 percent of lost wages if you are injured in an accident, no matter who causes it. It will also pay for someone to perform necessary services that your injury prevents you from doing, as well as a \$5,000 death benefit. PDL covers damage to the property of others, such as a car or building, when you cause an accident.
- PDL doesn't cover damage to your car—that's where Comprehensive and Collision coverage comes in. Collision pays for damage to your car if it is involved in an accident. Comprehensive covers damage caused by things like fire, theft, vandalism, windstorm or flood.
- Collision and Comprehensive are not required by law, but your lender will probably require you to purchase them. If you don't, or if you let your coverage lapse, the lender will buy it and add it to your loan. Then it will probably cost more and protect only the lender—it may not cover your equity in the auto.
- Medical Payments insurance may cover necessary medical and funeral costs not covered by PIP.
- Bodily Injury Liability coverage pays for the serious and permanent injury or death of someone else when the crash is your fault.
- Uninsured/Underinsured Motorist (UM) insurance helps pay for your medical costs and other damages when an accident is caused by a driver who doesn't have insurance or doesn't have enough to satisfy your claim.
- Your premium can be reduced if you choose a deductible. But the savings may not be worth it if you're involved in an accident and have to pay the deductible before your insurance kicks in.
- Other factors that may affect your premium amount include your age (drivers under 25 pay more), gender (guys pay more), location, and the car's type, age, size and engine.
- If you're in school, you might be able to reduce your premium by maintaining a "B" average, passing a drivers' ed course, and by adding yourself to your parents' policy rather than getting your own.
- Shop around for the best rates. Many insurance companies provide quotes on the Web. Even if it takes a few phone calls, the savings will be worth it.
- If your agent can't answer all your questions, or if you want to make sure the agent and insurance company are licensed in Florida, call DFS at 1-800-342-2762.
- If you get into an accident, call the police, swap insurance and driver license information with the other driver, and notify your insurance company or agent ASAP.



## I Want Plastic!

If you don't have a credit card, you will soon. Credit companies are flooding the mail with offers. Before you sign up, listen up:

- Shop around for the card with the lowest APR. Make sure you know how long that "low introductory rate" will last, and what the rate will be afterwards.
- Read all the fine print about fees and other terms.
- If you already have a savings or checking account, check with your bank or credit union to see what it can offer.
- Never loan your credit card to a friend.
- Keep all receipts and compare them with your monthly statement as soon as it arrives.
- Don't use your credit card for unplanned purchases unless they are emergencies or you plan to pay off the purchase in full when the next statement arrives.
- Don't fall into the trap of paying the minimum payment each month while adding to your balance with more purchases. It's easy to run up thousands of dollars in credit card debt. It's not so easy to pay it off.
- Never run or hide from creditors. If you have problems paying your bills, ask how they can work with you.

## What's Predatory Lending?

Predatory lenders are finance companies that don't play by the rules. They offer easy access to money but often use high-pressure sales tactics, inflated interest rates, outrageous fees, unaffordable repayment terms and harassing collection tactics. Predatory lenders often target those who can least afford to lose money. Here is how to fight 'em off:

- Stay away from offers that say, "No credit? No problem."
- Carefully consider the risks involved in taking out a payday or title loan. These short-term loans often carry high interest rates. If you default on a title loan, you could lose your car.
- Credit card and other loan offers that charge fees in advance are illegal in Florida. The only exception is mortgage loans. Don't pay "up front" fees for credit.
- Be suspicious of anyone you didn't contact first. Most legitimate lenders and credit companies don't try to get business over the phone or show up on your doorstep.

## Identity Theft?

It's a real threat. A little information is dangerous in the wrong hands, especially when the info is yours! A credit card number, Social Security number or bank account number is all an identity thief needs to make purchases, borrow money, write bad checks or file for bankruptcy—all in your name. Even if you don't lose money directly, your credit rating could be ruined.

- Don't have your Social Security number printed on your checks. If someone asks you for it to set up or verify an account, ask if other info can be used instead.
- Don't reveal your Social Security and account numbers to anyone unless you initiated the contact and it's a company you know and trust.
- Shred or destroy all unwanted credit card applications, receipts, pre-approved offers and other papers that contain your personal information.
- Don't use a debit card on the Internet—use a credit card instead. If unauthorized charges are made with a credit card, your losses are usually limited to the first \$50. With a debit card, you could lose whatever is in your account.
- Try not to let your card out of sight. When it's unavoidable, such as when dining out, use cash instead.
- Check your mailbox daily. When you travel, ask a friend to get your mail, or have the post office hold it. Send outgoing mail from the post office or a collection box.



# What's the Score?

Your credit rating and history are used by lenders and insurance companies in calculating a credit score that they use to evaluate you. Your credit score can make or break your chances of getting loans or insurance, as well as influence what your interest rates or premiums will be. Keep your credit score in the winner's column.

- Pay your bills on time.
- Inspect your credit report annually. It's available from any of the three major credit reporting agencies:

<b>Equifax</b>	<b>1-800-685-1111</b>	<b>www.equifax.com</b>
<b>Experian</b>	<b>1-888-397-3742</b>	<b>www.experian.com</b>
<b>TransUnion</b>	<b>1-800-888-4213</b>	<b>www.transunion.com</b>
- Make sure that all of the accounts listed in your report belong to you and that all of the accounts that reflect your good standing are included.
- If you are a victim of check or credit fraud or identity theft, check your credit report to look for illegal activity that you might not be aware of.
- Dispute inaccurate information immediately. The credit reporting agency is required to send you a copy of your rights when it mails your report.
- Check to see if you have established a sufficient credit history. Too little credit activity can be just as bad as too much.

# Anything Else?

- We've talked about car insurance. But you should also think about your personal possessions, such as furniture, TVs, computers, etc. If you live at home or own your own house, these items may be covered in your homeowners policy. But if you live in an apartment, dorm, or military housing, you should consider a renters policy to cover your possessions.
- Lying can land you in jail! Never lie on a loan application, an insurance application, or on any papers concerning a car accident.
- It's important to remember that the financial history you are creating now will remain with you for a very long time. Making wise buying and insurance decisions, paying your bills on time, and managing your credit card debt will help you to reap the rewards of your hard work and enjoy a stable financial future.

For more information, call our Consumer Helpline toll-free at 1-800-342-2762. Or visit [www.fldfs.com](http://www.fldfs.com) to request or download any of our publications. The Florida Department of Financial Services wants to help!

