



The Benefit Card Fairness Act

Background

Over the past few years, many states and the federal government have begun to offer unemployment insurance, social security and other benefits via debit cards. These debit cards are usually provided by banks or other third-party financial institutions. In some cases, recipients have the choice of receiving their benefits via direct deposit or paper checks. But in some cases, recipients have no option but to accept benefits on the cards and are charged exorbitant fees for withdrawals, balance inquiries, attempting to use their card when it has an insufficient balance, and other services.

The Benefit Card Fairness Act

The *Benefit Card Fairness Act* would set limits on allowable fees for government benefit debit cards, ensure that beneficiaries have accessible and free access to statements and account balances for the cards, require that beneficiaries have the option of receiving their benefits via direct deposit into a bank account, and create more stringent guidelines about fee disclosures and error resolution.

Specifically the *Benefit Card Fairness Act* would:

- Require that beneficiaries have the option of receiving benefits through direct deposit instead of on a benefit card
- Ensure that all beneficiaries receive one free withdrawal from an in-network ATM and one free withdrawal from a bank teller per deposit to their card
- Prohibit fees for balance inquiries
- Prohibit fees for inactivity of benefit cards
- Prohibit financial institutions from charging for denied transactions on benefit cards
- Require free telephone customer service and error resolution
- Ensure that beneficiaries receive a clear, concise list of fees and terms