



Go Direct[®] Campaign FAQs for Federal Paying Agencies

1. What changes are being made to how federal benefits are being paid? When will the changes take place?

The U.S. Department of the Treasury now requires all federal benefit and nontax payments to be made electronically. (Nontax payments include federal wage, retirement and vendor payments.) Electronic payments are safer, easier and more reliable than paper checks.

People who apply for federal benefits on or after **May 1, 2011**, will need to choose an electronic payment option when they enroll for federal benefits. People currently getting paper benefit checks will need to switch to electronic payments by **March 1, 2013**. The Treasury Department recommends **direct deposit** to a bank or credit union account of the federal benefit recipient's choice or to a **Direct Express[®] Debit MasterCard[®]** card account.

People who do not choose an electronic payment option at the time they apply for benefits or by March 1, 2013, will receive their payments via the **Direct Express[®]** card, so they will not experience any interruption in payment. People who are already receiving their benefit payments electronically do not need to take action. They will continue to receive their payment as usual on the payment day.

These changes apply to federal benefit payments from the following federal benefit agencies:

- Social Security Administration, including:
 - Social Security and Supplemental Security Income (SSI) payments
- Veterans Affairs (VA)
- Railroad Retirement Board
- Office of Personnel Management
- Department of Labor (Black Lung)

2. What is the Direct Express[®] Debit MasterCard[®] card?

The **Direct Express[®]** card is a Treasury-recommended prepaid debit card payment option for federal benefit recipients. Cardholders can make purchases, pay bills and get cash back at thousands of locations nationwide. No bank account or credit check is required to enroll. There are no sign-up fees or monthly account fees. Many other card services are free, including:

- Purchases at retail locations.
- Cash back with purchases.
- Optional notification of deposits to debit card by phone, email or text message.
- Optional low balance alert when account balance falls below a certain level.
- Access to the website 24 hours a day, seven days a week.
- Unlimited balance inquiries at ATMs, by phone or online.
- Access to the toll-free customer service number 24 hours a day, seven days a week.
- Cash withdrawals through bank or credit union tellers.
- One free replacement card per year.
- One free ATM cash withdrawal for each deposit posted a card account each month, provided one of the more than 50,000 surcharge-free network ATMs are used. (Visit www.GoDirect.org for more information about fees and the surcharge-free network.)

3. Why is the U.S. Department of the Treasury moving to all-electronic benefit payments?

There are many advantages to switching to electronic payments, not only for people who receive federal benefits, but for American taxpayers as well.

- ***Safer, Easier***

Electronic payments provide a safer, more convenient and cost-effective way for people to get their federal benefits than paper checks. In 2010, more than 540,000 Social Security and SSI paper check payments were reported lost or stolen and had to be reissued.

- ***More Convenient***

When people get payments electronically, they don't need to visit a financial institution to cash or deposit a check to gain access to their money. This is particularly important to people who are elderly or disabled, or who lack access to transportation.

No bank account or credit check is required for the **Direct Express**[®] card. There are no fees to sign up for the card, no monthly fees or overdraft fees. Simply use the card to pay for everyday purchases and avoid the need to cash a check or carry large amounts of cash. Or, if a prepaid debit card is preferred, the **Direct Express**[®] card is a safe, no- or low-cost electronic payment option.

- ***Taxpayer Savings***

This measure also provides significant savings to American taxpayers who will no longer incur the \$117 million price tag associated with paper checks – a number that would have ballooned as tens of millions of baby boomers begin to retire.

4. What are electronic payments? What is direct deposit?

Electronic payments, which allow for the exchange of funds through paperless methods, are safer, easier and more reliable than paper checks. **Direct deposit** is the electronic transfer of a payment from a company or organization into an individual's checking or savings account. When a recipient gets their federal benefit payment electronically, the U.S. Department of the Treasury sends an electronic message to their bank or credit union account or to their **Direct Express**[®] card account crediting their account with the exact amount of their benefit. The difference is, a check isn't printed or mailed. The government and businesses use direct deposit to transfer millions of dollars every day.

5. Is there an option for federal benefit check recipients who don't have a bank account or prefer a prepaid debit card?

Yes. The **Direct Express**[®] card is a safe, no- or low-cost electronic alternative. No bank or credit union account or credit check is required to enroll. Cardholders can make purchases, pay bills and get cash. This also is an option for those who prefer a prepaid debit card recommended by the U.S. Department of the Treasury. Many card services are free, including:

- Purchases at retail locations
- Cash back at retailers at the point of sale
- Optional notification by phone, email or text message of deposits
- Optional low-balance alert when account balance falls below a certain level
- Balance inquiries at ATMs, by phone or online
- Access to the toll-free customer service number or website 24 hours a day, seven days a week
- One (1) ATM cash withdrawal in the United States for each deposit posted to the account. ATM owner surcharges may apply at ATMs outside the **Direct Express**[®] card surcharge free network. (Visit www.GoDirect.org for information about fees and the surcharge-free network.)

6. How do people sign up for or switch to electronic payments of their federal benefits?

People who will be applying for benefits **on or after May 1, 2011**, should be ready to sign up for direct deposit when they apply for federal benefits and understand what information they should have on-hand to sign up. This will ensure they get their benefit payments in the safest, most reliable way possible.

- To get benefit payments by **direct deposit** into an existing financial institution account, people should be prepared with the following information for a smooth enrollment:
 - Account type: checking or savings
 - Account number
 - Financial institution's routing number
- To sign up for the **Direct Express®** card, people should notify their federal benefit agency at the time they apply for benefits. Once approved for federal benefits, they will receive their **Direct Express®** card and an information packet in the mail.

People who currently receive federal benefits by paper check, should make the switch today to get their money a safer, more reliable way immediately.

If the benefit recipient has a bank or credit union account, he/she should sign up for **direct deposit** at www.GoDirect.org, by calling (800) 333-1795, or by visiting their local bank/credit union branch or federal benefit agency office.

Those who prefer a prepaid debit card can sign up for the **Direct Express®** card by calling toll-free (800) 333-1795, signing up online at www.GoDirect.org, or by contacting their local federal benefit agency office. No bank account or credit check is required to sign up for the card.

7. What happens if people do not sign up for an electronic payment option?

People who do not choose an electronic payment option at the time they apply for federal benefits or by **March 1, 2013**, will receive their payments via the **Direct Express®** card so they will not experience any interruption in payment.

8. What is the *Go Direct®* campaign?

The **Go Direct** campaign launched in 2005 as part of the U.S. Department of the Treasury's and the Federal Reserve Banks' effort to increase the use of electronic payments for federal benefits and to reduce the use of paper checks for federal benefit payments. With the help of organization partners, media and events, the campaign educates Americans by providing the tools and resources they need to enroll in, or transition to, electronic federal benefit payments.

9. How does the **Direct Express®** card work?

When a benefit recipient signs up to receive Social Security, Supplemental Security Income, VA or other federal benefits via the **Direct Express®** card, their payment will be automatically deposited to their **Direct Express®** card account on payment date. The card can be used to make purchases at stores that accept Debit MasterCard®, pay bills, purchase money orders for the U.S. Post Office, and get cash from an ATM or financial institution that displays the MasterCard® acceptance mark.

For instance, if the recipient's benefit payment is \$500 monthly:

- On payment date, \$500 is deposited directly to the card. There is nothing for the recipient to do. There are no fees for depositing the full amount to the card.
- On that same day, if the recipient spends \$100 at the grocery store using the **Direct Express®** card, \$100 is automatically deducted from their balance. They now have \$400 left on the card. There is no fee charged for using the card to make purchases. Throughout the month, as

purchases are made, each purchase amount is deducted from the card account's current balance (in this instance, \$400).

- If the card balance gets down to \$0, the card will be denied for all future purchases until it is reloaded with next month's benefit payment.
- If the recipient only spends \$250 in this month, the remaining \$250 will be added to the next month's \$500 benefit payment. The recipient now has \$750 on the card the next month.

10. What are the benefits of the Direct Express® card?

The **Direct Express®** card provides the advantages of direct deposit without requiring a bank account or credit check and is an option for those who prefer a prepaid debit card recommended by the Treasury Department:

- **Fast and Easy** –Federal benefit payments go straight into the **Direct Express®** card account on payment day each month. There's no need to wait for the mail to arrive or to make a special trip to cash a check.
- **Safe** – There's no risk of lost or stolen checks, no need to carry large amounts of cash, and card account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to the maximum allowed by law.
- **Convenient** – Use the card to make everyday purchases everywhere Debit MasterCard® is accepted. Make purchases, pay bills, buy money orders and get cash at thousands of locations nationwide. Use the card 24 hours a day, seven days a week.

11. How much does a benefit recipient have to pay for the Direct Express® card?

Most services are free. There is no cost to sign up for the card and there are no monthly fees or overdraft fees. While there are fees for a limited number of optional transactions, it is possible to use the card for free.

Free services include:

- Purchases at retail locations.
- Cash back with purchases.
- Optional notification by phone, email or text message of deposits.
- Optional low balance alert when account balance falls below a certain level.
- Access to the website 24 hours a day, seven days a week.
- Unlimited balance inquiries at ATMs, by phone or online.
- Access to the toll-free customer service number 24 hours a day, seven days a week.
- Cash withdrawals through bank or credit union tellers.
- One free replacement card per year.
- One free ATM cash withdrawal for each deposit posted to the card account each month, provided that one of the approximately 50,000 surcharge-free network ATMs is used.

Optional services available for a fee include

- More than one ATM withdrawal per deposit (\$0.90 per withdrawal).
- ATM owner fees called "surcharge fees" may apply if one of the approximately 50,000 surcharge-free network ATMs is not used.
- Mailing a monthly paper statement (\$0.75 per month).
- Transfer of money from the card account to a personal United States bank account (\$1.50).
- Card replacement after one free replacement card per year (\$4.00 per card). If you request expedited delivery, there is an additional charge of \$13.50. There is no additional charge for standard delivery.
- Purchases at merchant locations or ATM cash withdrawals outside of the United States.

Visit www.GoDirect.org for more information on fees and the surcharge-free network.

12. How is the Treasury Department spreading the word about the move to all-electronic benefit payments?

The Treasury Department is fully committed to helping Americans be prepared for and make the transition to the electronic payment of federal benefits. The Treasury Department has launched the **Go Direct** public education campaign to communicate with Americans about the new electronic payments requirement. The campaign will do so with the help of nearly 1,800 national, local and regional partner organizations, as well as through events, media coverage, print materials and the Internet. Campaign materials and websites in English and Spanish also are available at www.GoDirect.org and www.DirectoASuCuenta.org.

13. How does the Go Direct campaign participate in or support financial literacy efforts?

The **Go Direct** campaign has been involved with many of the most significant financial literacy efforts currently in force across the country, including:

- The Bank On Program
- FDIC Alliance for Economic Inclusion
- FDIC Money Smart Curriculum
- Money Smart Week

In addition, during the campaign's long tenure it has developed relationships with local financial literacy coalition leaders, positioning the **Go Direct** campaign as a dependable community financial education resource in communities around the country.

14. The recipient is already receiving federal benefit payments electronically to a prepaid debit card or bank account of his/her choice. With the new rule, what will happen to their payments?

If the recipient is already receiving his/her federal benefit payments electronically, this change will not affect them.