



Managing Your Money

Some holiday gift cards can come wrapped in fine print



Your Money
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November 20, 2007

Nearly 88% of shoppers plan to buy two or more gift cards this holiday season, according to the National Retail Federation, and it's not hard to figure out why. You can buy a gift card without fighting the crowds at the mall. You don't have to worry about finding an appropriate gift for your 14-year-old nephew. And a gift card won't land you in the doghouse, like those pants you gave your spouse last year that were three sizes too large.

Whatever your motives, it's safe to say you don't want your gift card to sit in a drawer and gather dust. Yet about 27% of adults who received gift cards during last year's holiday season still hadn't used them nearly a year later, according to an October survey by *Consumer Reports*. That was up from 19% the previous year.

That doesn't mean you should abandon gift cards. Even some of the harshest critics of gift cards say they occasionally give them to finicky relatives and friends. But it does mean you should understand the terms and conditions of the cards you give.

Some tips:

- Understand the pitfalls of "open-loop" gift cards. Gift cards from credit card issuers, such as American Express, Visa and MasterCard, can be used just about anywhere. But these cards also contain more fees and restrictions than other types of gift cards.

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You'll typically pay a fee to buy an open-loop card, plus shipping and handling. Fees range from \$2 to more than \$10, depending on the card you buy, according to Bankrate.com's annual gift card survey.

Gift cards from the major credit card issuers also start to lose value if the card isn't used within a specific period, typically 366 days from the day they're issued, says Ellen Cannon of Bankrate.com. After that date, the issuers deduct a monthly maintenance fee — usually \$2 — which steadily reduces the purchasing value of the card. Some open-loop cards expire if they're not used within two years.

If the card expires, most issuers will let owners reinstate the value for a fee, says Ben Woolsey, vice president of marketing for CreditCards.com. Those fees typically range from \$5 to \$15.

- Consider retail gift cards if you know the recipient's tastes. If your Uncle Walter loves to hang out in bookstores, there's a good chance he'll appreciate a gift card from Borders or Barnes & Noble. And unlike open-loop cards, most retailers don't charge fees for their cards. Better yet, Cannon says, most of them don't carry an expiration date. The two exceptions in the Bankrate.com survey were gift cards from Macy's and Bloomingdale's, which expire after two years.

When buying a card for a specific retailer, make sure the amount is enough to buy something meaningful at that store. A \$25 gift card will buy several Starbucks lattes, but it wouldn't go very far at an electronics store.

- Be creative. Some people hate going to the mall. Giving those folks a card that can be used only at a department store is like giving a kitten to someone who can't stand cats. For these people, a more appropriate present might be a gift card for a massage or a round of golf.

Increasingly, state and national parks are offering gift cards that can be used for admission, campground fees and lodge accommodations, Cannon says. Kentucky is offering an "Unbridled Spirit" gift card that can be used in multiple locations, including state historical sites, art centers and state parks.

State parks have offered gift certificates for years. But gift cards make it easier for recipients to keep track of the unused portion of the total value.

- Know your state laws. Several states have enacted laws targeted at expiration dates. California, Florida, Maryland, Massachusetts and Nevada prohibit issuers from putting expiration dates on gift cards, according to Bankrate.com.

To check out your own state's laws, call your state's consumer protection department.

Go shopping

Even if you don't give gift cards, there's a good chance you'll receive at least one over the holidays. Here's how to get the most out of your gift:

- Spend it as soon as possible. That way, "It's less likely to expire, and you're less likely to lose it," says Greg Daugherty, executive editor of *Consumer Reports*.

- Read the fine print. The giver should include information about the card's terms and conditions with your gift. If not, you can usually find that information online.

And while you're on the Internet, find out if you can register your card. Some issuers won't replace a lost or stolen card unless it's been registered.

- Don't assume you can use your gift card anywhere. Some retailers won't let you use your gift card to make purchases on their websites.

Gift cards issued by credit card companies also have limits: You might not be able to use them to rent a car, buy gas or book a hotel room.

For more information on giving and using gift cards, check out consumerreports.org. You can find Bankrate's annual gift card survey at bankrate.com.

