

GIFT CARDS AND GIFT CERTIFICATES

consumer *brief*

Most of us have given or received gift cards and gift certificates. According to *CardCash.com*, gift cards—both physical and digital, currently have sales exceeding \$127 billion per year.

What ensures that your gift certificate or gift card doesn't expire and become a worthless? New Jersey has a **Gift Card Act** that covers not only gift cards but also gift certificates. The law is intended to end commercial practices that use hidden expiration dates to reduce the value of the gift card or gift certificate, and the law also adds consumer protections.

NEW JERSEY'S GIFT CARD ACT

A SUMMARY OF KEY FEATURES:

- The Gift Card Act focuses on retailers that issue their own gift card or gift certificate and does not apply to bank-issued cards that have a specific predetermined amount on the card which is usable at a merchant or an ATM.
- The expiration date and the dormancy fee, if any, must be disclosed.
- No gift card or gift certificate can expire for 24 months after its purchase. A retailer may impose a "dormancy fee," not to exceed \$2 per month, after 24 months. A dormancy fee cannot be imposed within 24 months following the date of sale, or within 24 months immediately following the most recent activity in which the gift card or gift certificate was used.

(NOTE: Under new federal rules for gift cards that went into effect on August 22, 2010, money on a gift card cannot expire for at least five years from the date the card was purchased, or from the last day additional money was placed on the card. If the expiration date on the card is earlier than these dates, the money can be transferred to a replacement card at no cost.)

- A gift card's packaging or sales receipt must include a telephone number to call for information about the expiration date or dormancy fees.

CONSUMERS CAN PROTECT THEMSELVES BY TAKING THESE ACTIONS:

- Read the fine print when purchasing gift cards or gift certificates.
- Not all gift cards or gift certificates can be used to buy merchandise online, so be sure to ask.
- Being a smart and savvy consumer is always the best protection of all, so it pays to know the law.



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