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## **Money Orders**

A money order is a checking instrument purchased for a particular amount and signed over by the payer to the payee. The drawee guarantees payment to the payee.

Fees charged for money orders vary among vendors. Some charge the same fee regardless of the face value purchased; other retailers charge more for money orders over a certain amount. For example, the fee might be \$.90 for money orders up to \$500 and \$1.25 for money orders over \$500.

### **Money orders:**

- can be purchased at most financial institutions, U.S. Post Offices, grocery stores, supermarkets, convenience stores and other retailers.

- can be purchased for any amount. There are no minimums.

- can be deposited into a bank account or cashed at check cashiers or other retailers. Some retailers may charge a fee for cashing a money order.

- have no expiration date. A non-refundable service charge may be assessed if the money order is not used or cashed within three years of the purchase date printed on the money order.

- are returnable. The purchaser must have the receipt and follow a prescribed procedure; this may involve sending the money order in to the parent company and waiting several weeks for the refund. Some sellers charge a fee for cashing a returned money order. This is usually a percentage of the value of the money order, i.e., 1% of the face value.

## **Frequently Asked Questions about Money Orders**

### ***How do I complete a money order?***

Immediately upon purchase of a money order fill in the following information:

PAY TO THE ORDER OF -- Name of the individual/organization who will receive the money order.

PURCHASER – Signature of the person purchasing the money order.

ADDRESS – Address of the person purchasing the money order.

### **Can I change the name on the “Pay to the Order of”... line if I make a mistake?**

No. Alterations can not be made to a completed money order. In instances where the purchaser holds the originally completed money order, has signed the front of the money order and has the money order stub (proof of purchase) they may write the phrase “Not used for

purpose intended” on the back of the money order and sign the back of the money order in the presence of a check cashing agent /financial institution for a refund.

***Should I keep my money order receipt?***

Yes. This is your proof of purchase. It is needed to replace lost or damaged money orders and to track whether or not the money order has been cashed.

***Can I put a stop payment on a money order?***

No, stop payments can not be placed on money orders.

***What do I do if my money order is lost or damaged?***

If a money order is lost but not cashed, the parent company will issue a refund to the purchaser provided they can supply proper proof of purchase. A fee may be charged for replacing a lost money order

If a money order is damaged, a new money order will usually be issued by the parent company by submitting the original damaged money order and the purchase receipt.  
A fee may be charged.

***How long does the refund process take?***

Statutory regulations allow up to 65 days for processing and mailing money order refunds. The process usually takes at least 30 days.

Sources of Information:

Personal Finance by Garman and Forgue, copyright 1997.

TravelersExpress Moneygram, 2002