AFCPE

FINANCIAL COUNSELING • PLANNING • EDUCATION

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Bankruptcy Reform Bill Passes Senate, Likely to Pass House in April

After seven years, the bankrupty reform act was finally passed by the U.S. Senate on March 10, 2005 and is expected to pass the House this month. Formally titled, "The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005," the act has several components of great interest to AFCPE members and AFCPE *Certified*℠ credit and financial counselors.

The bill requires bankruptcy filers to receive budget or debt counseling and financial education. In addition, some provisions of the law govern the type of bankruptcy filing the consumer chooses and changes the terms of such. The provisions which most impact AFCPE members and their clients are outlined below.

Means Tested Chapter 7 Bankruptcy— A creditor, trustee or other party to a bankruptcy filing may request that a filer be required to file a Chapter 13 (consumer reorganization or debt repayment) bankruptcy instead of a Chapter 7 (liquidation) bankruptcy. Individuals whose current monthly income is above the median income of the state in which they live may be required to file a Chapter 13 bankruptcy. A debtor would also be presumed to be abusing the Chapter 7 filing if her current monthly income multiplied by 60 would allow her to pay *at least* the lesser of:

- 25 percent of nonpriority unsecured debt or $6,000 ($100 per month)
- $10,000

Current monthly income excludes Social Security income and is defined as income, less allowable deductions, secured debt payments, and priority unsecured debt payments. *Allowable deductions include:*

- Living costs as defined under the Internal Revenue Service (IRS) National Standards and IRS Local Standards
- Actual costs of expenses covered by the Other Necessary Expenses (issued by IRS for area in which debtor resides)
- Up to 5 percent of the IRS food and clothing categories
- Debts the debtor incurred to protect the family from domestic violence
- Actual costs for care of non-dependent elderly, ill or disabled household members
- Private or public school tuition (maximum $1,500 per year)
- Chapter 13 administrative expenses
- Average monthly expenses for secured and priority debts
- Actual expenses for housing and utilities

Amount available for repayment in Chapter 13. A filer's disposable income is expected to be used to repay debt under a Chapter 13 filing. Disposable income equals current monthly income less qualified expenses. *Qualified expenses include:*

- IRS Living Standards amounts for the filer

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- April issue—February 15
- July issue—May 15
- October issue—August 15

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President's Message

Full Steam Ahead

By Celia R. Hayhoe, Ph.D., CFP®

Congratulations to Judith Cohart, president-elect, Glen Muske, treasurer, and Jean Lown, member-at-large for university/extension on their election to the Executive Board! Steven Shagrin has been appointed to fill the member-at-large position for independents that became vacant when Judith was elected as president-elect. We welcome you to your new positions and look forward to working together for the common benefit of AFCPE and our members.

We have a number of major projects underway and are working full steam ahead:

- After much consideration and consultation with many members, the Executive Board voted to ask the members to approve an AFCPE re-incorporation in the state of Delaware this year. The national office is busy preparing the incorporation materials to present to the membership at the annual meeting.

  You were recently asked to provide the Executive Board with your proxy vote. Because Michigan law requires a quorum (50 percent of the membership) to elect board members and conduct other routine business, your proxy is important. In addition, we want to incorporate in Delaware because Michigan law does not allow voting by e-mail. The board believes members would be more likely to participate in decision making if they could vote by e-mail.

- I would also like to thank those of you who participated in the membership survey calls. We are in the process of summarizing the results and deciding which suggestions to implement.

- The board hopes you like the new and improved Web site. It is a work in progress but has already come a long way from our previous Web site design. Send comments to Sharon Burns or Steven Shagrin.

- Rebecca Travnichek, Judith Cohart, and the other conference chairs have been hard at work on this year's conference. We are trying a new format at the conference this year *(see article on page 4)*. You will be given a chance to comment on the new format on the evaluations at the conference.

  Don't forget the submission deadline for conference papers, practitioner's forums and poster sessions is June 1. Submission guidelines are on the Web site's conference page.

I look forward to seeing you in Scottsdale in November.

Celia Ray Hayhoe, Ph.D., CFP®
2005 AFCPE President

Victim and Victims' Advocate: An Interview with Commander Franklin D. Mellott

By Jill Anne Ladouceur, Editor

"I am a victim of identity theft and the criminal act of false personation…committed by my brother," said U.S. Navy Commander Franklin D. Mellott in a Victims Impact Statement filed with the U.S. Court system. Mellott continues, "[He] used my information illegally, lied on federal forms, and filed a false employment document."

Commander Mellott is one of 9.91 million people who were victimized by identity theft in 2003, totaling $5 billion in losses, according to a Federal Trade Commission (FTC) commissioned survey. And identity theft is the number one complaint received by the FTC.

Mellott discovered that his identity had been hijacked when a $5,000 tax refund he was expecting was diverted toward unpaid child support of nearly $75,000. Given that he lives happily with his wife and children, he knew this was impossible. Further investigation on his part resulted in his name being reported to federal authorities as a "deadbeat dad."

His brother's actions tarnished his good name, adversely affected his credit history, interfered with his efforts in the Global War on Terrorism, endangered his distinguished 16-year Naval career, threatened his ability to support his family and jeopardized his security clearance.

Fortunately—because he discovered the identity theft early enough—he was able to prevent many potential problems. It took nearly six months to clear up all the financial repercussions and the subsequent merging of his credit information with his brother's.

Mellott is concerned about other military personnel. "If we're deployed overseas, particularly someone who's single, it may be some time before we even find out we're a victim, let alone be able to do much about it from 10,000 miles and 11 time zones away," said Mellott. "If my brother had done this while I was deployed for six months, a lot of damage would have been done before I could get home to fix it."

"Based on my case and my experience," said Mellott, "I move a lot more frequently than civilians. That means that it's much easier for financial documents and other important information to be delivered to someone else at an old address," said Mellott. "Since our addresses change so often, it makes it more difficult for creditors to note a suspicious change in address."

One of the biggest problems for military personnel who fall victim to identity theft is that it jeopardizes their security clearance. "Our financial history is part of the security clearance process. If we have bad credit, we may not get a clearance," said Mellott. "Were I to lose my clearance, I'd be of little use to the military."

Mellott is grateful that he survived the ordeal with his clearance and his family in tact. These are the kinds of issues that can tear families apart. "Initially there was anger from some members of my family," said Mellott "There was an effort to portray it as an honest mistake."

"Of course the evidence clearly indicated that if it was a mistake, it meant that my brother didn't know his own Social Security number, and that he made the mistake at least three times—all on legal documents or credit applications," said Mellott. "One member of the family even appeared in court with him after his arrest—all without mentioning word one to me."

The Navy is taking steps to help protect its service personnel from identity

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Out of Your Control

By Linda Foley

When it comes to identity protection, consumers have only five items under their control:

1. Don't carry your Social Security number in your wallet if avoidable. Photocopy health and Medicare cards, cut off the last four numbers of the Social Security number and carry the photocopy with you.

2. Shred all documents with identifying information on them in a cross cut shredder.

3. Don't share your Social Security number unnecessarily. Ask questions. Ask what will happen if you don't give it out. Most times you'll be told it is optional, in which case, don't provide it.

4. If you must provide a Social Security number, do so in writing and take the paper with you if possible.

5. Use a locked mailbox to receive mail.

After that, it is up to businesses to help safeguard our information. If you think you have been a victim of identity theft, contact the Identity Theft Resource Center at www.idtheftcenter.org.

Linda Foley is co-executive director of the Identity Theft Resource Center, located in San Diego, California. The Identity Theft Resource Center is a non-profit, grant and donation-funded organization that specializes in identity theft. The information above is based on ITRC's research and experience with the crime of identity theft and is not intended as legal advice.

Congratulations New Certificants

AFCPE Certified® Financial Counselor Graduates (12/16/04 through 3/15/05)

Bradshaw, Karen
Hagen Jokela, Rebecca
Hartford, Maureen
Healy, Beverly
Heiner, Kimberly
Luna, Alba R.
Nakamura, Marilyn
Petersen, Cindy M.
Roux, Pamela D.
Smith, Janie

AFCPE Certified® Credit Counselor Graduates (12/16/04 through 3/15/05)

Barfoot, Christie
Clayton, Jeffrey Michael
Esterly-Knapp, Angelique
Francis, Kerry
Maurice, Timothy
Muramoto, Jodie
Olson, Jo
Reyna, Sergio
Salnl, Shilpy
Shahani, Ravinder
Spacek, Vicky
Stamper, Danielle
Sullivan, Michael

2005 AFCPE Annual Conference

November 16–18, 2005 Scottsdale, Arizona

By Golden Jackson, Conference Coordinator

Make plans to attend the 2005 Annual Conference in sunny Scottsdale, Arizona, November 16–18. The meeting site is the Scottsdale Plaza Resort, an award winning hotel recognized for outstanding service, superior accommodations and meeting facilities, trouble-free functions, smooth setups and arrangements for social functions.

Scottsdale Plaza Resort
7200 North Scottsdale Road
Scottsdale, AZ 85253

To reserve a room, call (480) 948-5000. Rates are $129, single or double occupancy.

More on 2005 Conference

New Format for 2005 Conference—In response to requests from members for a "healthier" conference, the AFCPE Conference Committee, staff, and Executive Board made changes in the menus and schedule for the 2005 conference.

- The conference will open at 2:00 p.m. on Wednesday afternoon with an interactive workshop on enlivening your teaching, training, or consulting. The half-day workshop will be on Wednesday so that more people can participate. Sharon Bowman presents a lively, energetic workshop with tips for new and experienced presenters on keeping your audience engaged no matter how technical the topic. Whether your audience is one person, hundreds, or somewhere in between—young, old or in the middle—you will enjoy this workshop.

  Wednesday evening, beginning at

  5:00 p.m., there will be an opening "meet and greet" cocktail hour followed by a sit-down dinner and keynote speaker. The program is planned to update and invigorate your practice, whether it be in counseling, teaching, or research.

- Thursday opens with a seated full breakfast combined with the business meeting at 9:00 a.m. A general session is planned for 10:30 a.m.–noon. The afternoon schedule includes concurrent sessions and healthy snack breaks.

- Friday's program begins with beverage, fruit and cheese to fortify you for a general session on retirement planning. After the session, a full brunch will be offered, and the annual AFCPE awards presented. The afternoon sessions include concurrent presentations and the conference closing session ends at 5:00 p.m.

Stay tuned for more details about speakers and format, and plan to attend. Get set for fun and learning!

Soldiers Return Home to Financial Battle Zone

By Michael G. Hamm, Director of Army Community Service, Hanau, Germany

As a result of special pay, entitlements and tax breaks given to soldiers for serving in a combat zone, many soldiers have returned from deployments financially ahead. Soldiers earn extra money from "Hostile Fire Pay," "Family Separation Pay" and the "Tax Free Zone" that covers most of the hostile areas around the world.

The dangers that soldiers face in the battle zone don't end when they come home. Many scams and financial pitfalls await them upon their return. Sub-par lenders that cluster themselves at the gates of many of our largest military installations routinely charge a 36 percent interest rate. In addition, many of these lenders charge penalty fees if a loan is paid off early.

Many soldiers return with dreams of making their deployment earnings grow at a better rate than standard saving accounts provide. Financial vultures are able to step in and paint the picture of a better life if a soldier invests in one of their plans. The sales force of these companies are made up of almost entirely retired military personnel that should be ashamed of themselves for selling products with such questionable performance and for taking money from some of the youngest, unsuspecting soldiers. Unfortunately, many soldiers still do not realize the damage that can be done when they are lured away from reputable investment advisors who adhere to strict standards of ethical conduct and go far beyond the legal obligations.

One such rogue investment tool is *Systematic Investment Plans* or *Contractual Plans* offered by First Command. A service member pays into an investment plan and 50 percent of the plan's first 12 monthly investments are paid in fees to the company that sold the investment. With a great sales script they sell an investment that is guaranteed to be worth 50 percent less after one year. However, service members were never fully informed of the cost basis over the first year period. The fees decrease if they continued investing in the Systematic Investment Plan. In essence, only long term costs/fees were explained to service members while exorbitant short term fees were not explained. The only problem is that 57 percent of the people did not stay in the plan for the full term and thus incurred extremely high fees, according to the Security and Exchange Commission (SEC) Administrative Procedure File No. 3-11770. From January 1999 through March 2004, First Command received approximately $175 million in front-end sales load revenue from the sale of systematic plans, which accounted for approximately 70 percent of its revenues. This year First Command was fined approximately $12 million, much of it to be used for investment education for military members. The National Association of Securities Dealers Education Foundation will administer the education programming.

In a second effort aimed at protecting soldier's financial security, New York Attorney General Eliot Spitzer filed suit against a loan establishment with offices in Jefferson and Warren counties, in upstate New York, home to the 10th Mountain Division and Fort Drum. From the press release:

> *According to legal papers, JAG NY and its owner John Gill, operate three N.Y. Catalog Sales stores in Jefferson and Warren Counties from which they offer "payday loans"—short-term unsecured loans that borrowers promise to repay out of their next paycheck. Aware that these loans are illegal in New York State due to their excessive interest rates, N.Y. Catalog Sales tries to disguise the interest charges as payment toward "catalog sale" purchases.*

Example of the effect of high sales loads on a monthly investment under programs such as those offered by First Command: A military member who invests $100 per month would only have $600 of her $1,200 invested the first twelve months of the plan. During year two, an additional $1,200 invested in the plan would result in a principle increase of only $860. Even if a troop completed the plan (300 months), she would have paid an average 8.1 percent sales charge on her original principal.

There are many legitimate and helpful programs that assist military troops in securing their financial futures. The Thrift Saving Plan (TSP) is a financial vehicle for service members that is not sold by scammers outside the gates of our military installations. To date, many service members still have not taken the first step to get involved with TSP and start planning for their future. As financial counselors we desire to do great things for service members over the long run while keeping their best interests in mind.

Michael G. Hamm is director of Army Community Service in Hanau, Germany and can be reached at Michael.hamm2@us.army.mil.

The Thrift Savings Program is hosting a pre-conference update at the AFCPE Annual Conference in Scottsdale. It will be held on Monday, November 14 from 1–6 pm. Refer to your conference registration packet or go to www.afcpe.org for additional details.

Tools of the Trade

CSREES Has New Domain Name— CSREES renamed their domain from reeusda.gov to csrees.usda.gov to reflect the cooperative services with universities and state governments the agency provides.In the past, it has been possible to reach CSREES employees using both addresses. Effective immediately, CSREES will disconnect all network redirects to reeusda.gov.

Steps to Health and Wealth—The most recent *Forum for Family and Consumer Issues* features an article by Barbara O'Neill, Ph.D., CFP®, Rutgers, on the links between health and wealth. Many Americans today have health and personal finance issues such as obesity, diabetes, low savings rates, and high household debt. Yet health and finances are generally treated as separate topic areas in Cooperative Extension outreach programs and publications. This article describes similarities between these two topic areas and behavior change strategies that can be applied to both. It concludes with a description of a new curriculum, "Small Steps to Health and Wealth," developed to motivate participants to simultaneously improve their health and finances. The article can be found at http://www.ces.ncsu.edu/depts/fcs/pub/9_3/smallsteps.html.

Measuring Risk Tolerance— Sherman D. Hanna, Ohio State University, and Suzanne Lindamood, Columbus, OH, have developed a new tool for measuring a person's risk tolerance. Their paper about the tool won an award at Academy of Financial Services conference in an October. An article reporting the results of a survey using the measure appears in *Financial Counseling and Planning.* The risk tolerance measure presents graphical representations of hypothetical income gambles in order to *Continued on page 8*

The Truth About FICO® Scores

In the world of credit, the FICO® score is king. Lenders use it to not only evaluate our creditworthiness but to also set the interest rate charged for the loans that are approved. The FICO® score is the result of a complex mathematical formula accounting for the following factors: repayment history (35 percent), amount of credit owed (30 percent), length of credit history (15 percent), number of new accounts (10 percent), type of accounts (10 percent). Let's examine the myths and realities surrounding some of these factors.

Myth 1: The fewer credit accounts, the better—False: the ideal number is between 7–8 open accounts. Individuals with no credit accounts or history can't be scored. And the more important factor is the amount of debt on each credit line.

Myth 2: Put your debt on one account and have other unused accounts—No: the ratio of outstanding debt to the maximum available on each account is key. So, you're better off spreading your debt around.

Myth 3: Close unused accounts— Maybe false (see first myth above). Individuals often close older accounts and take advantage of newer accounts with low-interest teaser rates. However, the length of your credit history is very important and closing older accounts will lower the credit score.

Myth 4: Take advantage of new, lower-rate debt—It's tempting, but your score will decrease each time an authorized credit inquiry is made. Some inquiries, such as looking into your own account, inquiries made by those attempting to "pre-approve" you for credit and other such inquiries do not reduce your score. But the more applications lenders make because of your legitimate requests for credit, the lower your score. Requests stay on your record for two years.

Income matters. Not true. It may matter to lenders, but not to the credit score. Apparently research suggests it is more action than your income that determines the likelihood you'll repay your debt.

Credit scores are free under FCRA. False. Consumers may get their credit report once a year for free, but credit scores are not included.

Consumers can increase their credit scores over time by making payments on time, reducing outstanding debt on each account, not applying for too much credit, and by closing new, unused accounts. Ironically, our credit score may be one of our most important assets!

Commander Mellott

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theft. They allow for Social Security numbers to be removed from some documents. "I've noticed a lot fewer folks asking for my Social Security number when I write a check," said Mellott.

Mellott is working as an unpaid volunteer with the Identity Theft Resource Center (ITRC). ITRC is a 501(c)(3) nonprofit organization, located in San Diego, California. "[The organization] was a big help to me when I first became a victim." As the result of his experience, Mellott helps them whenever possible. He specializes in military and civil service, but he will help anyone. ITRC was recognized by the U.S. Justice Department for their work, receiving the 2004 National Crime Victims Service Award. The ITRC can be reached at http://www.idtheftcenter.org/.

Jill Anne Ladouceur is the editor of The Standard and can be reached at ladjill@qwest.net.

Pass it on…How the Young Can Whittle Down Debt

Debt problems plague every generation, but they've hit young adults especially hard. By following a few key tips, however, the young can whittle away at that debt.

According to Demos, a consumer advocacy group, credit card debt shot up 104 percent from 1992 to 2001 for those age 18–24, and 55 percent for those 25–34. During the same period, debt for all households rose 38 percent. Demos also reports that 25 cents of every dollar that indebted young people earn goes toward debt payments.

Why so much debt? A major factor is the escalating cost of college, much of it paid for by loans. The average student loan debt for graduating four-year students is $19,000, according to Nellie Mae, a college lender. The increased use of credit cards by college students and young adults is another source. Nellie May says students graduate with an average credit card debt of $3,000.

When they enter the workforce, many young are finding stagnant wages for entry-level jobs, and they compound their limited income problems because the word "frugal" is not in their vocabulary. And debt problems are only going to get worse as interest rates continue to rise.

What can you do about all that debt if you're young and struggling on limited income?

Organize and budget. Review all of your debts, regular bills, and income to see where your money is coming from and going to. Are you paying your bills on time and are you paying at least the minimum every month—preferably more?

Establish a simple budget. Prioritize your expenses: rent, groceries, transportation, loans, and other expenses you have to meet every month. See what falls toward the bottom that you can do without or at least cut back.

Get a free credit report. Ask for a free credit report from each of the three major agencies. Check the reports for accuracy and make sure the credit scores don't differ much from each other. The shock of the reports also might motivate you to start cutting debt.

Watch those credit cards. Beyond debt you may already have accumulated on your credit cards, are you adding to that debt with purchases for short-term needs such as groceries, meals out, and clothing? Stop! Switch to a debit card, checks, and cash. It's easier to restrain spending that way.

Is the interest rate you are paying high? Consider switching to a lower-rate card, even if that rate is offered only for a limited time (at which point you can switch again). Watch for costly transfer fees, however.

Pay costliest debt first. Usually it's best to tackle the costliest debt first. For young people, that typically means making the minimum payments for the lower-rate college debt and perhaps a car loan, while paying down credit card debt faster.

Consider consolidating student loans. The interest rates for consolidating federal student loans dropped to historic lows in mid-2004 and will remain there through June 30, 2005. After that, with overall interest rates rising, rates could start climbing again. But be careful how you consolidate. By extending the loans beyond ten years, you lower monthly payments, which may be necessary, but you will end up paying more interest over the life of the loan.

Avoid bankruptcy. Bankruptcy rates are up 19 percent from ten years earlier for people age 25–34, according to Demos. A major cause is young people with no medical insurance but high medical bills. But bankruptcy stains your credit record for ten years, so avoid it unless you're sinking deeper into debt and see no realistic way out. Negotiate with creditors for lower interest charges and longer repayment terms, or get help from a reputable credit counseling service (the field does have rip-off artists).

Generate more income. If debt is weighing you down badly enough, you may need to moonlight at a second job until you can get it under control. Some experts suggest working with your parents, though you don't want to hinder their ability to meet their own needs such as saving for retirement. Some suggest that parents help out for such things as auto or health insurance but let their children remain responsible for their debts.

Tools of the Trade

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obtain an estimate of risk aversion that can in turn be used to provide rigorously based portfolio recommendations geared to a household's current situation. The new measure, along with a question based on the Survey of Consumer Finances risk tolerance measure, may be seen at http://hec.osu.edu/people/shanna/rts/

Financial Education in Latino Communities—The report titled "Financial Education in Latino Communities: An Analysis of Programs, Products, and Results/Effects" finds that the U.S. financial industry has failed to connect with Hispanics and many low-income families via financial education products and services. To learn more, visit http://www.nclr.org/content/publications/detail/28618/.

MoneyWi$e—a financial education project of Consumer Action and Capital One, offering a series of consumer publications and leaders guides focused on basic financial literacy skills. Titles include "Talking to Teens About Money," "Your Right to a Financial Fresh Start—Bankruptcy," "Building and Keeping Good Credit," and "Manage Your Money Wisely: Tracking Your Money." Most titles include a leader's guide and are available in other languages. Available at http://www.money-wise.org/English/library/moneywise/.

ISU Financial Management Tips—Sign up to receive weekly financial management tips from the Iowa State University Financial Counseling Clinic. Distribution for the weekly financial management tips has increased to more than 50,000 subscribers over the five years they have been available. To subscribe, visit http://www.fcs.iastate.edu/financial/.

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Credit Card/Fraud Scenarios: Be Careful Out There

Submitted by Fred Petze, CHC, AFC, Dover Air Force Base

These examples of credit card fraud are real incidents and represent a new way of stealing from you. Be careful out there.

Scenario 1

A friend went to the local gym and placed his belongings in the locker. After the workout and a shower, he came out, saw the locker open, and thought to himself, "Funny, I thought I locked the locker. Hmmmmm." He dressed and just flipped the wallet to make sure all was in order.

Everything looked okay—all cards were in place. A few weeks later his credit card bill came—a whopping bill of $14,000! He called the credit card company and started yelling at them, saying that he did not make the transactions. Customer care personnel verified that there was no mistake in the system and asked if his card had been stolen.

"No," he said, but then took out his wallet, pulled out the credit card, and yes—you guessed it—a switch had been made. An expired similar credit card from the same bank was in the wallet. The thief broke into his locker at the gym and switched cards.

Verdict: The credit card issuer said since he did not report the card missing earlier, he would have to pay the amount owed to them. How much did he have to pay for items he did not buy? $9,000! Why were there no calls made to verify the amount swiped? Small amounts rarely trigger a "warning bell" with some credit card companies. It just so happens that all the small amounts added up to big one!

Scenario 2

A man at a local restaurant paid for his meal with his credit card. The bill for the meal came, he signed it, and the waitress folded the receipt and passed the credit card along. Usually, he would just take it and place it in his wallet or pocket. Funny enough, though, he actually took a look at the card and, lo and behold, it was the expired card of another person.

He called the waitress and she looked perplexed. She took it back, apologized, and hurried back to the counter under the watchful eye of the man. All the waitress did while walking to the counter was wave the wrong expired card to the counter cashier, and the counter cashier immediately looked down and took out the real card. No exchange of words—nothing! She took it and came back to the man with an apology.

Verdict: Make sure the credit cards in your wallet are yours. Check the name on the card every time you sign for something and/or the card is taken away for even a short period of time. Many people just take back the credit card without even looking at it, thinking that it has to be theirs.

For your own sake, develop the habit of checking your credit card each time it is returned to you after a transaction.

Scenario 3

Yesterday I went into a pizza restaurant to pick up an order that I had called in. I paid by using my Visa check ccard which, of course, is linked directly to my checking account. The young man behind the counter took my card, swiped it, then laid it flat on the counter as he waited for the approval, which is pretty standard procedure.

While he waited, he picked up his cell phone and started *Continued on page 9*

Credit Card Scenes

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dialing. I noticed the phone because it is the same model I have, but nothing seemed out of the ordinary. Then I heard a click that sounded like my phone sounds when I take a picture. He then gave me back my card but kept the phone in his hand as if he was still pressing buttons.

Meanwhile, I'm thinking: I wonder what he is taking a picture of, oblivious to what was really going on. It then dawned on me: the only thing there was my credit card, so now I'm paying close attention to what he is doing.

He set his phone on the counter, leaving it open. About five seconds later, I heard the chime that tells you that the picture has been saved. Now I'm standing there struggling with the fact that this boy just took a picture of my credit card. Yes, he played it off well, because had we not had the same kind of phone, I probably would never have known what happened.

Needless to say, I immediately canceled that card as I was walking out of the pizza parlor. Be aware of your surroundings at all times. Whenever you are using your credit cards, don't be careless. Notice who is standing near you and what they are doing when you use your card. Be aware of cell phones because many include a camera these days.

When you are in a restaurant and the waiter/waitress brings your card and receipt for you to sign, make sure you scratch the number off. Some restaurants are using only the last four digits, but a lot of them are still putting the entire number on the receipt. I have already been a victim of credit card fraud and, believe me, it is not fun. The truth is that they can get you even when you are careful, but don't make it easy for them.

First Three Steps to Snatch Back Your Identity

1. "Cancel your credit cards immediately," is the mantra. But the key is to have the toll-free numbers along with your credit card numbers handy so you know whom to call. Keep those where you can find them.

2. File a police report immediately in the jurisdiction where your credit cards, etc., were stolen. This proves to credit providers you were diligent, and this is a first step toward an investigation (if there ever is one).

3. Call, don't click (see related article on page 12) the three national credit reporting organizations immediately to place a fraud alert on your name and Social Security number. The alert means any company that checks your credit knows your information was stolen, and they have to contact you by phone to authorize new credit.

Here are the numbers you need to contact when your wallet, etc., has been stolen:

- Equifax: (800) 525-6285
- Experian (formerly TRW): (888) 397-3742
- Trans Union: (800) 680-7289
- Social Security Administration fraud line): (800) 269-0271

Unsolicited Credit Offers

Prescreened solicitations are now among the principal techniques creditors use to inform prospective customers of the availability of their products and to establish new or additional business relationships. The Fair Credit Reporting Act (FCRA) permits creditors to use consumer reporting agency (CRA) information as a basis for sending unsolicited offers of credit, known as prescreened solicitations. The Federal Reserve was directed by Congress as part of the Fair and Accurate Credit Transactions Act of 2003 to study prescreened solicitations. Selected highlights of that report follow.

- If firms determine that the net benefits of prescreening are likely to be positive, they may engage in prescreened marketing as one way to generate new business. For consumers, such offers reduce search costs by providing them with ready information about product availability and pricing tailored more closely to their financial experiences and needs. In addition, the report finds that prescreened solicitations help to promote competition and enhance consumer welfare.

- Concerns about potential problems have been raised, such as the inconvenience of receiving unwanted junk mail and the risk of fraudulent activity if offers are lost or stolen. Others are concerned about the privacy rights of consumers in regard to the information held by the CRAs. Some fear that the large volume of prescreened offers might lead some consumers to take on more debt than they can reasonably handle. The Fed report did not find that prescreened solicitations had a significant bearing on the extent of these problems.

Source: Board of Governors of the Federal Reserve System Report to the Congress on Further Restrictions on Unsolicited Written Offers of Credit and Insurance, available at http://www.federalreserve.gov/boarddocs/rptcongress/UnsolicitedCreditOffers2004.pdf.

Tools of the Trade
Continued from page 8

Beware of Spyware—The Federal Trade Commission (FTC) has developed a new free publication on spyware, software that monitors or controls your computer use. The publication, available at http://www.ftc.gov/bcp/conline/pubs/alerts/spywarealrt.htm, helps consumers recognize, avoid, and delete spyware. For more information about protecting your computer and your personal information online, visit http://www.ftc.gov/infosecurity/.

Opportunities

NASD Investor Education Foundation—The NASD Investor Education Foundation's 2005 General Grant Program is accepting grant proposals from eligible organizations for research projects and/or educational programs. The deadline is June 3, 2005. For complete information and proposal submission instructions, visit the NASD Investor Education Foundation Web site at www.nasdfoundation.org.

Utah State University Housing and Financial Counseling Director—B.S. & counseling experience required; M.S. and grant experience preferred. Soft money position; 75–100 percent time. Contact Jean Lown, Search Chair, 2905 Old Main Hill, Logan, UT 84322-2905; lown@cc.usu.edu. AA/EOE

HUD Support for Doctoral Research—The U.S. Department of Housing and Urban Development's Office of University Partnerships has funding to support research opportunities for doctoral students. Information about doctoral research grants is available at http://www.oup.org/.

Member Happenings…

You Can't Take It With You: How to Get Ready for Estate Planning

By Sharon A. DeVaney, and Janet C. Bechman, AFC, Purdue University

Many people avoid estate planning because they think the process will be overwhelming. A new Web site was designed to help individuals organize their thoughts and information before seeing an advisor about their estate plan. The site, Getting Ready for Estate Planning, was developed at Purdue University.

The site offers information in a user-friendly format that doesn't overwhelm people with a lot of legal terminology. The site focuses on six steps that are frequently recommended by experts. The steps are (1) initiate the discussion, (2) take stock of the present, (3) develop objectives, (4) choose advisors, (5) consider alternatives, and (6) review and modify.

Step One: Individuals are encouraged to begin a conversation about estate planning with loved ones. They are also reminded that discussing plans with heirs is a way to relieve stress. Keeping plans a secret can lead to family conflict.

Step Two: Take stock of the present by developing a record of important papers, assets and liabilities.

Step Three: Develop objectives from a list of possible objectives and prioritize the reasons for developing an estate plan.

Step Four: Choose advisors by learning about the different advisors who might be needed.

Step Five: Consider alternatives using several techniques that are suggested, such as probate, wills, and trusts. Links are provided for more information about each of the techniques.

Step Six: Review and modify by using a checklist to determine if goals were accomplished. They are reminded that it is important to review their estate plan when their situation changes or the tax laws change.

The URL is http://www2.ces.purdue.edu/estateplanning. *Getting Ready for Estate Planning is also available at* http://www.csrees.usda.gov/fsll, *which is the Web site for Financial Planning in Later Life. Sharon DeVaney can be reached at sdevaney@purdue.edu and Janet Bechman can be reached at jcb@purdue.edu.*

What is Success?

To laugh often and much.

To win respect of intelligent people and the affection of children.

To earn the appreciation of honest critics and endure the betrayal of false friends.

To appreciate beauty.

To find the best in others.

To leave the world a bit better, whether by a healthy child, a garden patch, or a redeemed social condition.

To know even one life has breathed easier because you have lived.

This is to have succeeded.

—Ralph Waldo Emerson

Pass it on... Call, Don't Click

By Pam Dixon, Executive Director, World Privacy Forum

A new report issued by the World Privacy Forum shows that consumers may be better off calling or mailing for their federally mandated free credit report instead of going online for it.

Researchers analyzed two areas: The official Web site, https://www.AnnualCreditReport.com and close misspellings of the official web site's address to see if any "phishing" or scam sites had been put online.

The World Privacy Forum study, "Call Don't Click: Why It's Smarter to Order a Federally Mandated Credit Report via Phone Instead of the Internet," documents that 96 known "imposter" domains exist.

- 28 of the imposter domains belong to Experian, a credit bureau.
- 68 of the imposter domains belong to or are hosted at "pay per click" companies.
- 50 of the "pay per click" domains are live, and some are luring consumers to inappropriate and risky Web sites. Some of the "pay per click" sites lead consumers to Experian and other credit companies' commercial sites in order to cash in on the credit bureaus' affiliate marketing programs.

Additional issues were found at the official AnnualCreditReport.com site itself. The primary finding was that the credit bureaus are blurring the lines between what is free for consumers and what is available for a cost.

For example, the TransUnion section of the AnnualCreditReport.com site automatically selects consumers to receive marketing information and have their information shared with affiliates and partners. Experian and Equifax have potentially confusing menu navigation bars that do not clearly distinguish between the free areas of credit report access and the for-pay sections.

"As a long-time pro-technology advocate, it saddens me to advise consumers to avoid a legitimate Internet site," said Pam Dixon, executive director of the World Privacy Forum and a principal investigator for the report.

"The Internet is a medium I have long recommended to consumers as a vehicle for advice, research, and consumer information. If the credit bureaus take to heart the findings of this report, clear the confusing information from the Annual CreditReport.com site and clean up the imposter domains, my recommendation to avoid the site will change."

Consumer Tips

- When phoning the toll-free number (877-322-8228) for a free credit report, ask that only the last four digits of your SSN are displayed on the reports to be mailed to you.
- If you call for your credit report or have it mailed to you, have it mailed to a secure mailbox.
- Know that you are not required to give out your e-mail address in order to obtain a federally mandated free credit report.
- If you do choose to go online to https://www.AnnualCreditReport.com to access your credit report, be absolutely certain that you have not mistyped the AnnualCreditReport.

Continued on page 13

Call for Papers

AFCPE Invitation to Present—

Federal Reserve Conference—You can submit a paper for the conference on Recent Developments in Consumer Credit and Payments at the Federal Reserve Bank of Philadelphia on September 29–30, 2005. Paper deadline is June 1, 2005. For more information, go to http://www.phil.frb.org/econ/conf/consumercreditandpayments/Call_for_Papers.pdf.

Research Journal of Extension Family and Consumer Sciences—The National Extension Association of Family and Consumer Sciences publishes a refereed journal annually. Research and program papers are now being accepted until May 1, 2005 for April 2006 publication. The theme is family and consumer sciences and youth, youth development, or other youth-related topics. To obtain submission requirements, please contact the editor, Jan Scholl at jscholl@psu.edu.

Calendar of Events

April 6–9, 2005
American Council on Consumer Interests Conference, Columbus, OH
http://www.consumerinterests.org/

April 12–15, 2005
Priester National Extension Health Conference, Lexington, KY
http://www.nnh.org/

April 27, 2005
8th Annual Latino Summit: Latino Migration: Trends and Impacts, Atlanta, GA
http://www.latinamericanassoc.org/english/events.htm

May 16–18, 2005
Maryland Personal Finance Seminar for Professionals, Columbia, MD
Contact Jinhee Kim (jinkim@umd.edu)

June 5–8, 2005
NACAA's 30th Annual Meeting, New Orleans, LA
http://www.nacaa.net

June 13–16, 2005
4th Annual Hawaii International Conference on Social Sciences, Waikiki Beach, HI
http://www.hicsocial.org/

July 26–28, 2005
Georgia Financial Counseling Seminar, Columbus, GA
Contact Joanne Cavis at uge2215@uga.edu

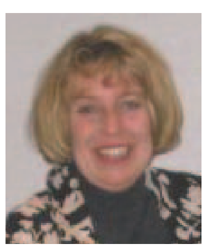
September 12–15, 2005
Southern Institute for Rural Development Conference, West Monroe, LA
http://srdc.msstate.edu/sird05/

September 29–30, 2005
Recent Developments In Consumer Credit and Payment Conference, Philadelphia, PA
http://www.phil.frb.org/econ/conf/

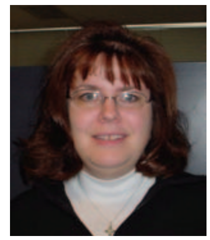
New Board Member Profiles

Judith Cohart is an attorney, educator and campaign specialist at AARP. She works in the area of financial planning and investor protection. Her projects include developing financial planning and retirement programs for workplace employees and the Hispanic community, a financial planning CD-ROM, and developing financial planning and investor protection educational pages for AARP Webplace. Cohart is a graduate of Columbus School of Law at Catholic University, has a master's degree in teaching from Yale University, and a bachelor's degree in government from Cornell University.

Janet Garkey is special materials editor at Credit Union National Association Inc. She joined CUNA in 2003 and is responsible for writing and editing personal finance articles and coordinating the development of personal finance products for credit unions. Garkey is a graduate of the University of Wisconsin-Madison and holds a masters degree in Consumer Economics/Public Policy from the University of Maryland.



Sally Hass is benefits education manager of human resources at Weyerhaeuser Company. Her 22-year career at Weyerhaeuser bridges two diverse disciplines—technology planning for employee systems and Life and Retirement Planning. For the last 12 years, she has managed the Life and Retirement Planning programs for Weyerhaeuser. In this role, she personally conducts sessions at many of our 700 locations in the United States and Canada. She holds a Masters' Degree in Business and Education from Western Washington University.



Angela Moore, AFC, CM is passionate about financial education and during her tenure at BECU she has spent eight years in financial counseling. She has filled many roles within the department as a financial counselor, department advisor, department instructor and finally manager. She developed a financial counseling training program that allowed her to train and develop financial counseling in other credit unions. In 2004, she developed a new phase of the department to incorporate loan restructuring of BECU debt, a new direction for the department and the credit union. Throughout her various roles in this department she continued to counsel members and employees one-on-one and presented to BECU departments and external groups on various financial topics.

Michele Schull Reinowski is a Community Readiness Consultant at the Family Support Center, Grand Forks AFB, ND. She is an Accredit Financial Counselor (AFC) and a Certified Family Life Educator (CFLE). She has been associated with the military for 18 years, beginning as an Air Force enlisted spouse.

Call, Don't Click

Continued from page 11

com address. If you see pop-up ads or if you notice that the site is not secure, close your browser and start over. (Secure sites will have a padlock logo in the corner, and the address will read "https://" instead of just "http://".)

- If you go online to https://www.AnnualCreditReport.com to access your TransUnion credit report, be sure to look for any prechecked marketing or newsletter offers. If you decide you do not want these offers, uncheck the box.

For complete findings of the "Call, Don't Click" report and a consumer tip sheet, visit WorldPrivacyForum.org or WorldPrivacyForum.org/calldontclick.html.

Pam Dixon is the executive director of World Privacy Forum. She can be reached at (760) 436-2489 or e-mail pdixon@worldprivacyforum.org.

Bankruptcy Reform Bill

Continued from page 1

In addition, an individual may reduce plan payments by:

- Cost of health insurance
- Domestic support obligations
- Charitable contributions up to 15 percent of gross income
- Expenses necessary to operate a business

All dollar amounts would be adjusted to the Consumer Price Index every three years.

Mandatory Credit Counseling—Personal bankruptcy filers (Chapters 7 and 13) will be required to undergo mandatory credit counseling from an approved nonprofit budget or credit counseling organization within 180 days of filing.

Personal Financial Management Course—A bankruptcy will not be discharged until the debtor has completed a personal financial management instruction course. This course can be provided in person or via the Internet.

Additional Chapter 7 Provisions—A debtor may not file another Chapter 7 bankruptcy for eight years after the date of the previous filing (this used to be six years). One million dollars in IRS qualified retirement accounts is exempt from the debtor's estate.

Additional Chapter 13 Terms—Debtor may not file a Chapter 13 bankruptcy for four years after filing a Chapter 7 discharge (previously no limit) and two years after previously filing for Chapter 13 protection (previously no limit). Consumers would not be allowed to separate asset interests in an automobile purchased within 2 1/2 years prior to the bankruptcy or consumer goods within 1 year of filing for bankruptcy.

Automatic Stays—New language permits residential landlords to bypass the automatic stay provisions and proceed with residential eviction processes.

The Department of Justice's Office of U.S. Trustees is charged with implementing the provisions of the the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 that deal with budget or credit counseling and the personal financial management instruction components. AFCPE is in touch with the appropriate parties and will relay information to our members as soon as the information is available. Stay tuned…

Financial Fact IQ

By Karen L. Murrell

kmurrell@comcast.net

Q: Which statement is false?

A. The national savings rate was recently negative.
B. Over 25 percent of households have zero net worth.
C. Over 5 billion credit cards were solicited in 2001.
D. The top 10 percent of households in earnings have owned over 71 percent of all the private wealth.

They're all TRUE!

Q. Minimum wage in 2002 was what percent of the living wage:

A. 59%
B. 121%
C. 2%
D. 77%

Answer is A, 59%.

Q. The 2002 average amount of credit card debt carried by households that do not pay off the balance was:

A. $8,387
B. $1,216
C. $4,097
D. $15,123

Answer is A. The 2002 average amount of credit card debt carried by households that do not pay off the balance was $8,387 (Source: 2002, Trans Union LLC, TrenData Report)

Q. If you buy a pizza on a credit card with a balance, how much more do you pay for it than with cash?

A. No more
B. $10.54
C. $32.40
D. $5.03

Answer is C, $32.40

FAQs

What is the difference between AFCPE membership dues and Certification Programs fees?

AFCPE's 2005 membership dues are $95. A member receives four issues of this newsletter, *The Standard,* and two issues of *Financial Counseling and Planning,* the research journal. In addition, members receive a discount on the annual conference, CEU program and certification program fees.

Those individuals who hold the AFCPE *Certified*SM Credit Counselor, Financial Counselor or Housing Counselor certificates pay an annual certification fee. These fees are $30, $45 and $60 respectively.

An AFCPE member who holds the AFCPE *Certified*SM Financial Counselor certificate, then, will pay a total of $140—$95 for AFCPE membership and $45 in annual certification fees.

Members are not required to be certified and certified individuals are not required to be AFCPE members.

What topics are covered on the certification exams?

AFCPE Certification Programs are modular; that is, one builds on the other. The AFCPE *Certified*SM Credit Counselor will take only the Financial and Credit Counseling exam. An AFCPE *Certified*SM Financial Counselor will take two exams—the Personal Finance and the Financial and Credit Counseling exam. The AFCPE *Certified*SM Housing Counselor will take exams in Personal Finance, Financial and Credit Counseling, and Housing and Mortgages.

Does a certified individual need to re-certify every year?

In order to be a counselor in good standing, counselors are required to pay the annual fee each year and report the appropriate number of continuing education units (CEUs) every two years. If an individual "skips" a year, then she or he must catch up on both the annual fee and CEUs in order to reinstate his or her certificate.

Can a certificate holder pay the annual fee when she or he registers for the conference?

As of 2005, certificate holders will be able to pay their annual certification fee when they register for the annual conference. This should make it easier for certificate holders to receive employer reimbursement for payment of the fee.

Notes from the Executive Director

By Sharon Burns, Ph.D., CPA, AFCPE Executive Director

As soon as I think spring has sprung, we wake up to snow and wind. Ugh! But there's plenty of work to keep us busy inside.

I want to thank you for the welcoming reception Susan Cramer, our newest staff member, has received. She is a quick study and has picked up a lot of the responsibility for day-to-day operations such as responding to your needs and providing gentle reminders for dues notices and other communications.

Rebecca Travnichek and her Conference Program Committee, along with Golden Jackson, have proposed some changes to the conference program. All changes were suggested by members in the 2004 conference evaluation. I think you'll be pleased.

The wheels of progress keep turning in the Certification Programs. Fred Petze, Golden Jackson and the Certification Programs Committee are doing a masterful job in preparing for the job knowledge and skills survey that will be conducted this summer. Many individuals will have input including certificate holders and industry leaders. A report should be ready by conference time.

And we're almost ready to have the Personal Finance exam go online. The availability of online exams has pleased everyone: examinees, employers and AFCPE staff! It sure makes the job of processing and grading easier and examinees are pleased to receive exam results immediately.

The Committee for Life and Retirement Planning, under the direction of Sally Hass, offered a very successful Webinar in February. The pilot test response was so great that they will be offering a second one in late April. You will get more information by e-mail in April.

The Executive Board, after considerable reflection and with the encouragement of many members, has decided to recommend to the membership that AFCPE incorporate in the state of Delaware. You will be hearing much more about this over the summer, so please, stay tuned.

Spring is a great time of year—when just one minute is enough to turn a basketball game around and golf may be just a day away. Hope you enjoy every minute and day…

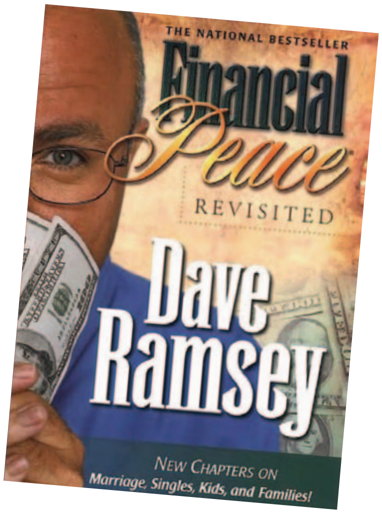
Setting the standard,

Sharon Burns

Financial Peace: Revisited

Written by Dave Ramsey

Reviewed by Gregory O'Donoghue, AFC



Dave Ramsey may be known as a result of his radio talk show. Now, from his updated *Financial Peace: Revisited,* he's updating advice and it's all about "Restoring financial hope to you and your family." The book seems to be written more for the individual than for the professional. There are many commonsense financial issues confirmed, shared and rephrased. The professional would miss out by not reading Dave Ramsey's current take on today's financial woes.

He starts with the obvious in titling the first chapter "The Beginning…a Very Good Place to Start," in which he shares experiences of losing his entire portfolio. Bankrupt, he accepted the fact that he had lost a fortune; then he began to understand the why's of his situation.

From here he highlights some problems we all live through and the theme is "Restoring financial hope." Early on I was hooked by Ramsey's use of words in describing one of today's problems. He said, "It's almost impossible to get out of high school without knowing what an amoeba is…but few high school seniors can keep a checkbook balanced." He rephrased something generally understood, yet made it acutely clear. Our schools are not providing some of the necessary tools needed for financial success in life.

Ramsey describes the "must have it now generation," which he says actually teaches us to "have dessert before dinner." He covers changes in generation haves and have-nots. He identifies the shortcomings of acquiring too much "stuff." Finally he removes any stigma about money itself as he quotes money guru Larry Burkett, saying "…money problems are normally not the real problems but instead are only the symptom of a personal shortfall."

Each chapter provides concrete evidence of problems and suggests actions designed to "Restore financial hope." Following each chapter he provides an index, which he calls Peace Puppies. The first Peace Puppy is "Avoid Stuffitis—the worship of Stuff." Also, following each chapter is another plus to this publication. Dave's wife, Sharon, provides "Thoughts from Sharon." She gives her take on each chapter, acquired through their years of marriage.

The updated chapters in this revised edition have more detail on marriage, singles and families than the earlier issue. It's excellent and refreshing to hear from another professional that finances aren't difficult, haven't changed and that personal discipline is primary to fruitful living and to financial planning. In a recent article, an AFCPE Past-President, Barbara O'Neill, said: "Most people aren't lazy when it comes to their finances… they are simply very busy." Don't **you** be too busy to visit Dave Ramsey and pick up additional tools to help you improve your life and your finances.

AFCPE member Gregory O'Donoghue is an Accredited Financial Counselor working in the Family Support Center at Seymour Johnson Air Force Base, North Carolina. Greg performs as the personal financial manager, assisting military members of the community with quality information, education and counseling. He may be contacted at greg.odonoghue@seymourjohnson.af.mil.

Lessons from *Financial Peace*

Many of the lessons learned are highlighted in the Peace Puppies, tools to improve self-discipline. The following are a few lessons:

- #4 Find Where You Are Naturally Gifted, Enjoy Your Work and Work Hard
- #5 Live Substantially Below Your Income
- #6 Sacrifice Now So You Can Have Peace Later
- #7 You Can Always Spend More than You Can Make
- #8 The Borrower Is the Servant of the Lender
- #9 Check Your Credit Report
- #10 Handle Credit Report Corrections Yourself
- #12 You Must Save
- #14 Only People Who Like Dog Food Don't Save for Retirement
- #15 Always Save with Pretax Dollars
- #22 Men and Women View Money Differently—So Be Sensitive to Differences
- #25 Teach Children to Work, Spend Wisely, Save and Give
- #30 Listen to Your Spouse's Counsel
- #31 There are Few "Old" Fools—Seek Experienced Counsel
- #32 You Must Keep Your Checkbook on a Timely Basis
- #33 Lay Out Written Details of a Cash Management Plan
- #37 Take Baby Steps—Prioritize Your Plan and Move Slowly
- Not funny, yet my favorite is # 14. This vision brought me an instant smile!

Mark Your Calendar

2005 AFCPE Annual Conference
November 16–18, 2005
In sunny and warm Scottsdale, Arizona

AFCPE *Financial Solutions for Life*

We believe...

Everyone has financial desires that affect their lives every day.

Better financial decisions lead to a better quality of life.

People can make better decisions when they are supported by a trained professional.

Academics, research and practical experience inform professional financial counselors and educators.

Setting *the standard* for performance and a forum for learning will provide a consistently higher level of service.

Purpose...

To support and advance the profession of financial counseling and planning education.

AFCPE℠

Association for
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