

Consumer News & Views

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How to Survive This Economic Crisis and the Covid-19 Virus Scare! These are troubling times that require patience, fortitude and courage. Consumers across the nation are being held hostage by the Covid-19 Virus outbreak. It's a very serious threat to our physical and economic health. In the past six weeks, thousands of consumers have joined the American Consumer Council and many of our 177 state and local chapters to seek financial help through our network of credit unions that are offering low-interest loans and other forms of financial assistance to consumers who have lost their jobs, been furloughed, or are suffering financial hardships as a result of the Covid-19 virus outbreak.



Here are some recommendations we've proposed to state and federal officials to help consumers weather the economic storm that is ravaging our economy and our lives:

1. **Stimulate the Economy.** During any economic crisis, the key to preserving and maintaining economic momentum is to ensure consumers have money to spend. Because of the growing number of consumers who have lost their jobs or suffered lost income, the Congress passed a historic \$2.2 Trillion stimulus bill, entitled the CARE Bill, with \$250 billion set aside for direct payments to individuals and families, \$350 billion in small business loans, \$250 billion in unemployment insurance benefits, and \$500 billion in loans for distressed companies. While this is an excellent first-step, it might not go far enough to sustain our economic engine through the Covid-19 virus crisis. needed is a multipronged approach that requires some generosity on the part of all of us, small and large businesses, and local, state, and federal governments:

2. **Keep Employees on the Payroll.** The CARE legislation offers incentives to those employers who continue paying workers at least 80% of their salaries even if they're furloughed. And, they need to promise to rehire workers, if they still exist when conditions improve. While the CARE legislation offers an immediate payment of \$1,000 or \$1,500 per month to most Americans, this government support will only last for 3-6 months. The American Consumer Council recommends a second phase of economic support should this crisis continue past June 1st. This second phase would provide for low-interest (2% or less) bridge loans up to \$250,000 to small businesses (under 50 employees), underwritten by guarantees to state and local governments through banks and credit unions. The interest paid would be tax-deductible. Larger companies would have a similar Bridge Loan Program (based on the number of employees or annual revenues) with high loan amounts (up to \$50 Million) and a slightly higher interest rate (3%)

3. Landlords for both commercial and residential properties, should be obligated to defer rents for vulnerable tenants for up to six months.

4. Cities and towns should defer property tax payments for six months. Also, utility companies that provide water, electrical, phone, and internet services should be required to defer all collection activity and service interruptions for missed payments through August 1st.

These are "must do" steps that the federal and state governments must take to ensure this economic crisis doesn't become a catastrophe.



Consumer Confidence Suffers Severe Drop in March Amid Covid-19 Virus Pandemic. As a result of the Covid-19 Virus outbreak, consumer confidence fell severely in March to its lowest level in five years. The Michigan Consumer Sentiment Index (MSCI), a monthly telephonic survey that aims to capture and assess the sentiment of US-based consumers, recorded the fourth-biggest monthly decline in almost five decades driven by the COVID-19 pandemic.

The MSCI is used by investors as a way to assess the expected short-term consumer spending expectations and patterns. The U.S. Bureau of Economic Analysis revealed that consumer spending accounted for approximately 70% of the United States GDP last year.

According to *CrowdFunder Insider*, the MSCI consumer sentiment index declined by over 11.9 points this month, which is only behind a 12.7 drop, that occurred after the global financial crisis of 2008. Other major declines of 12.2 point occurred following Hurricane Katrina and as a response to a major recession in 1980 that led to a record 11% unemployment rate in the United States.

Although the MSCI is presently at 89.1, which is above the 50-year and post-financial crisis of 2008 averages, the American Consumer Council expects the MSCI to experience continued declines through May 2020. ACC president Thomas Hinton stated that "without continued economic stimulus for consumers and small businesses from the federal government, and an all-hands response to the Covid-19 Virus outbreak in terms of medical supplies for treatment of patients, the American economy and the global economy is headed for a serious recession and potential depression. The time for decisive action is now!"

Chief economist Richard Curtin warned that based on the University of Michigan's Survey of Consumers March Report that if the sentiment index begins to stabilize at its recent seven-day average, it would "imply an additional decline of nearly 18.2 index points in April."

If the MSCI were to drop to that level, then it would set a new record for a decline during a two-month timeframe.

Curtin added, "Stabilizing confidence at its month's end level will be difficult given surging unemployment and falling household incomes. The extent of additional declines in April will depend on the success in curtailing the spread of the virus, and how quickly households receive funds to relieve their financial hardships."

Curtin also noted that "An economic recession has already begun, and it's likely to reduce consumer spending for a period that is two to three times as long as the virus crisis."

ACC's Thomas Hinton agreed with Curtin's assessment. Hinton stated, "This is going to be a long, painful economic recovery that will take us well into 2021 and will require a second and possibly a third economic stimulus bill from Congress and the White House. Also, this Covid-19 pandemic will have serious political consequences because consumers will hold their elected officials accountable for not being better prepared to combat the Covid-19 virus. While that might be somewhat unfair, it's the harsh reality of how consumers think and vote."

"Consumer confidence increased in January, following a moderate advance in December, driven primarily by a more positive assessment of the current job market and increased optimism about future job prospects," said Lynn Franco, Senior Director, Economic Indicators, at The Conference Board. "Optimism about the labor market should continue to support confidence in the short-term and, as a result, consumers will continue driving growth and prevent the economy from slowing in early 2020."



Warning to Consumers: Beware of Phony IRS Telephone Scams.



The Los Angeles Consumer Council and the Research Triangle Consumer Council are warning consumers not to give out personal information or banking account information to telephone callers claiming to represent the Internal Revenue Service (IRS). It's a scam! If you get a call from someone claiming to be from the IRS, hang up! **Do not give out any personal information or bank account information!**

Why not? Because criminals are calling consumers to obtain your personal banking information in order to steal money from your bank account! According to Lynn Trainor, director of the Los Angeles Consumer Council, and William Watt of the Research Triangle Consumer Council, "scammers are calling unsuspecting consumers claiming to work for the IRS, and asking for your personal bank account information in order to deposit money from the IRS into your bank or credit union account. It's a big, fat lie! Don't give out any information. The IRS will never call you!"

According to the IRS, the agency never calls consumers or taxpayers. They always send an official letter regarding any issues they have with taxpayers. The two chapters held conference calls and webinars with members in March to educate consumer-members on how to avoid being victimized by unscrupulous scammers.



Financial Education Series:

ACC Video Focuses on “How to Ask Your Boss for A Raise!”

The American Consumer Council has released a new video as part of its financial education series. The latest video, which targets Millennials and Gen Z'ers, is entitled, "[How to Ask Your Boss for a Raise!](https://www.youtube.com/watch?v=kjkREP03-GU)" Members can view it at: <https://www.youtube.com/watch?v=kjkREP03-GU>



ACC also released three other videos as part of its series to help Millennials feel more confident about their financial dealings. Those videos are: "[How to Have a Great Vacation...on the Cheap!](#)", "[Money Topics Every Couple Must Discuss](#)" and "[What Consumers Should Know About Time Shares Before Signing on the Dotted Line.](#)"



ACC's financial education video series is designed to help consumers, especially Millennials, better manage their finances and get access to financial services. The free series is available online at <http://www.americanconsumercouncil.org/videos.asp> and features certified financial planner and author, Kimberly Curtis, who is a popular author, speaker and the CEO of The Wealth Legacy Institute in Denver, Colorado.

The video series has been well received by Millennials (18-30 year old) and has encouraged over 6,000 Millennials to join credit unions since September 1, 2016.

The other video topics include: [Paying for the Cost of College](#); [Paying Off Debt While Building Wealth](#); [Home-Buying Mistakes to Avoid](#); [Goals to Reach by Age 30](#); [Money Mistakes Everyone Makes](#); and, [How to Prevent Identity Theft](#).”

Click on any of the links to watch these videos.

The American Consumer Council's president Thomas Hinton, stated “Millennials (ages 18-30) want timely information delivered through short videos to help them better manage their money and debts. This series answers many of their questions and encourages Millennials to seek out the services of credit unions that are skilled at providing a broad range of financial services at very competitive rates.”

According to ACC's research, there are over 75 million Millennials in the United States and nearly 42% have not established any financial services relationship with an insured financial institution.

The American Consumer Council is currently promoting a series of financial education videos for Millennials that will be continue into 2020. ACC expects a strong response to the video series given the number of inquiries ACC has received from its 243,000+ members.

ACC's Friend of the Consumer Award Recognizes Outstanding Businesses.

Is your business consumer-friendly? Does your business deserve greater recognition for its service to consumers? If so, you should apply for the American Consumer Council's Friend of the Consumer Award. Now is the time to apply!

Throughout the year, ACC presents its "Friend of the Consumer" Awards. This prestigious award recognizes manufacturers, retailers, and other businesses that produce or sell products in the United States that meet or exceed federally-mandated standards and are touted by consumers as “consumer friendly.”



Each year, ACC awards numerous "Friend of the Consumer" Awards to deserving companies and organizations because they have "demonstrated a commitment to American consumers by providing a specific product or service that fosters consumer confidence and market acceptance."

To apply for the "Friend of the Consumer" Award, complete the online application and return it to ACC with the application fee. Applicants will be notified within 5 days of receipt of their application. Thereafter, a panel of independent judges will review your application and make a formal recommendation within 20 days of receipt of your award application.

For more information, visit: <http://www.americanconsumercouncil.org/awards.asp>

Green CSM Certification Accepting Applications for Spring 2020 Cycle:

If your company or organization would like to increase its credibility with consumers, you should consider applying for the **Green CSM Certification**. Applications for the spring 2020 cycle are now being accepted through April 30, 2020.

It's a proven fact that consumers want to do business with companies that are eco-friendly and practice Corporate Social Responsibility (CSR). The process is straight-forward and all applicants are recognized by ACC and the Green USA Institute.



All applicants complete the criteria and submit their responses to ACC's Green Consumer Council for review, assessment and feedback. Program details and the **Green CSM Certification** criteria can be viewed at ACC's website located at: <http://americanconsumercouncil.org/greenc.asp>