

Consumer News & Views

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Consumer Confidence Dips in July. The Conference Board **Consumer Confidence Index**[®], which had improved in June, declined in July. The Index now stands at 90.9 (1985=100), down from 99.8 in June.

Lynn Franco, the Director of Economic Indicators at The Conference Board, said, "Consumer confidence declined sharply in July, following a gain in June. Consumers continue to assess current conditions favorably, but their short-term expectations deteriorated this month. A less optimistic outlook for the labor market, and perhaps the uncertainty and volatility in financial markets prompted by the situation in Greece and China, appears to have shaken consumers' confidence. Overall, the Index remains at levels associated with an expanding economy and a relatively confident consumer."

Thomas Hinton, president of the American Consumer Council's (ACC), indicated that consumers are more concerned with local pocketbook issues than international economic conditions. Hinton said consumers are focused on three specific economic indicators through the summer: job growth, housing prices and the cost of gasoline. "Two of these three issues are troubling for consumers," Hinton acknowledged.

10 Life Events That Require Financial Planning *by U.S. News staff*

Sometimes, even the best events in life – a birth, new job or dream relocation – require a financial plan. They might necessitate the need for more insurance coverage, a new budget or guidance from a financial advisor. Here are 10 positive events compiled by the staff of U.S. News that should inspire you to do some financial planning:

- 1. The opportunity to buy a vacation home.** Summer rental homes can represent bliss; a great escape you've had every year. Then, the landlord offers a sweet insider price you can't refuse. Summer homes are often bought as emotions rise at the end of the season. But purchasing a vacation home – especially one that requires rental income to finance – can be a complicated long-term commitment. A financial planner, not a real estate agent, can tell you what to consider.
- 2. You got that big raise you've been counting on for years.** Pay raises are typically small and incremental if they come at all, so getting a big raise is cause for celebration. They also mean it's time to do some planning to determine how much you should be saving for the future, too. It might be time to bump up your retirement savings.
- 3. Wedding bells are ringing, finally.** Couples might be marrying later these days than they used to, so when they finally do tie the knot, combining finances can be even more complicated. Prenups might be a buzzkill, but they can help protect

each person's savings and prevent any misunderstandings. They are especially important if either member of the couple is bringing financial responsibilities like children into the marriage.

4. You got your diploma. Graduates might not think they have enough money to talk to a financial planner. But they face key money choices as they start repaying their share of the overall \$1 trillion in college debt with "starter" jobs. They could use help prioritizing payments for credit cards and student loans.

5. You're relocating. The 50 states can be as different as moving to another country. Tax rates differ and cost of living can shift dramatically. There are scores of moving-related expenses. This might be the time to see a financial planner (consider national firms with offices in new and old locations) who offers hourly rates for one-time consultations.



6. You just got an inheritance. Baby boomers stand to inherit significant wealth in the coming years, and receiving lump sums also carries with it financial responsibility. It can raise questions about spending habits, charitable contributions, tax payments and a slew of other concerns. You might want to get help from a professional as you figure out how to handle the money.

7. You're expecting a new arrival in the family. When the baby arrives, life inevitably gets more complicated. It could be worth it to fit in some financial planning alongside baby naming or stroller shopping. You might want to open a 529 account, for example, to start paying for college, as well as take out additional life insurance policies.

8. You got a job. Parents, consider paying a one-time fee to a planner as a gift to your child (and to yourself, since it makes your child more independent). Kids might act like they just want to have fun, but they often need – and even want – guidance during this key life transition.

9. You get offered a generous severance package. Emotions often run high when your employer offers a big severance package. Some people want to call a lawyer to get more, others a travel agent to get out. It's important to understand the complex financial issues associated with severance packages. Most plans are immediately taxable, for example, and you want to make sure you understand all the fine print before you sign on the dotted line.

10. You retire. Retirement is considered the pivotal financial moment in a person's life. If you haven't already worked with a financial planner to figure out your plans and budget, then now is the time. In fact, financial advisors urge even clients in their 20s and 30s to start planning for this major life transition, to make sure they're saving enough along the way, during their peak earning years. It's also a good time to reflect on what you want out of the final third of life.

Six Benefits Consumers Will Get from a Credit Union.

This article was written by Gerri Detweiler and appeared in Credit.com

If you're not a member of a credit union, you may wonder why anyone is. You don't see their ATMs all over town, nor do you hear much about their state-of-the-art mobile capabilities.

Yet some people sing their praises and prefer them to banks. Both kinds of financial institutions typically offer checking accounts, savings accounts, CDs, car loans, mortgages, credit cards and other financial products. So really, what's the difference?



First, banks are in business to make money, and credit unions are non-profit. If you do business with a bank, you are a customer. Banks exist to earn a profit for shareholders. If you instead use a credit union, you are a member. Credit union operates for the benefit of their members. Credit Unions have no shareholders or customers, just members. And credit unions tend to use money from fees and interest rates for the benefit of members, who may also serve on their governing boards.

But as financial institutions they can look very much alike from the outside. Here are some things credit unions offer that banks have a hard time matching:

1. Competitive Car Loans. According to the National Credit Union Administration (NCUA), in 2014 the average 36-month used car loan carried an interest rate of 2.72 percent. Contrast that with the typical bank interest rate of 5.26 percent and you can see why some people look to credit unions for their car loans. The rates for 48-month new-car loans were 2.63 percent for credit unions and 4.76 percent for banks. Getting pre-approved for a car loan can save you money, keep you on track for how much you planned to borrow and help you avoid additional credit inquiries on your credit reports. (You can see how credit inquiries are affecting your credit by getting your free credit report summary on Credit.com.)



2. Free Checking. While it's not impossible to find no-cost checking at a bank, you're more likely to find it at a credit union, since 72 percent of credit unions have no fees with no minimum balance, compared with 38 percent of banks, according to a Bankrate survey. Likewise, fees at credit unions tend to be lower. Still, you have to check. Not all credit unions offer free checking, and not all banks charge for it. At the same time, check for fees, which tend to be higher at banks — and while you're at it, see if there are ways to avoid them. Here are some of the questions you should ask before you open a bank account.

3. Discounts & Special Deals. Credit unions may offer special deals on everything from amusement park admissions to cellphone plans. Ask. We checked several and found discounts for concert admissions, insurance, cars, flowers and more.

4. Flexibility. Banks are more likely than credit unions to have hard-and-fast lending requirements for credit scores, income, debt, etc. that must be adhered to. If you are an investor with shares in a bank, that can be reassuring. But if you've just started a new job and need a loan, it can be frustrating. A credit union may be more likely to consider individual circumstances in making its lending decisions.

5. Money Required to Open an Account. You can typically open a checking account for less than \$10 at a credit union, according to Bankrate's survey. Banks typically required more than \$60. So if you have little to deposit, a credit union may be your best option.

6. Competitive Credit Cards. The winner of the Best Simple Credit Cards in America this year is the PenFed Promise, a credit card offered by Pentagon Federal Credit Union, proving that credit unions can compete with the big banks for your business.



'Differences' That May Not Exist. Those are not all the factors to consider, though. Banks typically offer a wider choice of financial products, and they may have many more locations and ATMs (though credit unions may belong to networks where withdrawals are free). Credit unions have long claimed to offer more personal service, and that can be true — or not. As credit unions have expanded their memberships, the relationships that have long been a selling point may not be as strong. And Americans consistently prefer the personal touch. We like being known and recognized. Surveys show people prefer community banks to larger, regional banks because of the personal service. Yet, if the staff at your bank doesn't change as your bank grows (or merges with another one), you may get the same recognition and smiles from the same people you've been doing business with for years.

Banks have also been leaders in mobile banking, but credit unions are catching up. Most now have mobile apps.

Finally, both insure up to \$250,000 on deposit. They do it through different agencies, but the maximums for insured accounts are identical.

Note: It's important to remember that interest rates, fees and terms for credit cards, loans and other financial products frequently change. As a result, rates, fees and terms for credit cards, loans and other financial products cited in these articles may have changed since the date of publication. Please be sure to verify current rates, fees and terms with credit card issuers, banks or other financial institutions directly.

For more information on Credit.com please visit: <https://www.credit.com/free-credit-score/>

Are Rental Cars Safe to Rent?

This article was written by Bill McGee, on July 29, 2014 and appeared on USA TODAY's website. We are reprinting it based on recent reports that the major car rental companies are not pulling defective vehicles from their rental fleets and having them repaired when they receive recall notices. This is a very troubling accusation because consumers have been seriously injured and even killed as this article reports.

The Raechel and Jacqueline Houck Safe Rental Car Act of 2013 – a bill that has been proposed but not yet passed into law -- authorizes a rental company that receives a notification (approved by the National Highway Traffic Safety Administration [NHTSA]) from the manufacturer of a covered rental vehicle about any equipment defect, or noncompliance with federal motor vehicle safety standards, to rent or sell the vehicle or equipment only if the defect or noncompliance is remedied.

For the record, the American Consumer Council wants to know why auto manufacturers and dealers oppose this important legislation. We encourage consumers to pressure the major auto manufacturers and auto dealers to support the passage of this legislation and protect ourselves and our loved ones.

In recent years more and more car owners have been affected by manufacturer recalls on critical automotive components. But what if a recall doesn't affect the car you own, but instead affects the car you're renting?

The good news is the proposed legislation known as the Raechel and Jacqueline Houck Safe Rental Car Act of 2013 can remedy this situation by ensuring rental fleets comply with recall notices. The bad news is this law is floundering in Congress: GovTrack's prognosis is not good, citing only a 14% chance of being enacted. And in the meantime, it can be hard for renters to determine what a rental firm's policy is on recalled vehicles.

A tragic watershed

The bill—which has bipartisan support in Congress—is named for two sisters, 24-year-old Raechel Houck and 20-year-old Jacqueline, who were killed in a grisly accident in 2004 when the Chrysler PT Cruiser they rented from Enterprise caught fire due to a power steering fluid malfunction. The Houcks were the fourth renters of that vehicle after the recall was announced.



During the ensuing legal battle that resulted in a \$15 million settlement for the Houck family, a gaping hole in the consumer safety net was exposed. In testimony captured on camera, an Enterprise employee admitted there was no corporate policy requiring that recalled vehicles should be held back from the public. (For the record, Enterprise has since posted a statement announcing its "formal support for federal legislation" on this issue.)

The proposed law itself has been neatly summarized thusly: "Authorizes a rental company that receives a notification (approved by the National Highway Traffic Safety Administration [NHTSA]) from the manufacturer of a covered rental vehicle about any equipment defect, or noncompliance with federal motor vehicle safety standards, to rent or sell the vehicle or equipment only if the defect or noncompliance is remedied." Simple enough.

To their credit, most major rental firms have offered support, including Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National and Thrifty. But according to the nonprofit organization Consumers for Auto Reliability and Safety (C.A.R.S.), the pushback against the bill has come from auto manufacturers and auto dealers.

Unfortunately, there is a long and troubling history of recalled vehicles changing hands prior to the implementation of proper repairs. In 2011, one year after auto manufacturers recalled more vehicles than in any other previous year, the U.S. Government Accountability Office released a detailed report on vehicle recalls and focused on the lack of clear guidance and conformity among car rental firms, stating "the rental car companies noted that notification letters rarely provide guidance as to whether the vehicle can continue to be operated." And just last month *The New York Times* reported several major consumer organizations asked the Federal Trade Commission to investigate CarMax for such practices.

For renters of recalled vehicles, the lack of a federal law has meant it is caveat emptor on many recall notices. In Congressional testimony last year, former NHTSA Administrator David Strickland summed it up: "Currently, there is no prohibition on rental car companies renting vehicles that are under a recall, but have not yet been remedied."

How do rental firms respond?

In recent years some high-profile recalls have generated responses from the rental industry. For example, after Toyota made front page news with its infamous stuck gas pedal debacle, major U.S. rental firms announced that affected Toyotas and Pontiacs were being pulled from their fleets. But not all safety-critical recalls generate that type of media coverage, and in many cases it's up to consumers to be proactive.

What's more, the rental industry—like the airline industry—can be lacking when it comes to transparently providing consumers with essential data. Consider Hertz. If you enter "recall" into the search function on the rental giant's website, you'll generate an update about not being charged for returning a recalled car to a different location, but no information on recalled cars themselves. However, if you back out of the site and use a third-party search engine such as Google, you'll find a helpful and detailed Hertz Vehicle Recall Procedure, which includes a comprehensive Q&A for customers.

For Avis, the site map doesn't provide any information on this topic. But a Google search provides an April 2012 warning on Avis.com about the recall of 10,000 2012 Ford Focus sedans. There's also an undated update that all recalled Toyotas

have been repaired and returned to service.

Among other major U.S. rental firms, the search functionality varies, but there can be valuable information buried within some of their sites:

- Alamo. A pledge on the company's site states Alamo will not rent, sell or wholesale recalled vehicles.
- Budget. As with sister company Avis, there is no info on recalled vehicles on Budget's site map.
- Dollar/Thrifty. Although both sister firms have pledged not to rent recalled cars, there is a dearth of information about this issue on both websites.
- Enterprise. An online FAQ addresses recalled cars, and like its sister companies Alamo and National, the firm states it will not rent, sell or wholesale such vehicles.
- National. A search through National's press releases indicates a flurry of releases from early 2010 concerning the Toyota recall, but nothing since.

Missing are the Big Three: Hertz, Avis and Budget. Why? Are the Big Three trying to avoid compliance and safety issues? There's one other consideration, which I detailed here back in 2010 with "Rental car companies emulate airlines, embrace added fees." Roadside assistance from a rental company is an a la carte option in many cases now, not a consumer's right. So theoretically a rented car with a defect can cost a renter—at least in the short term.

What you can do?

You can be proactive about ensuring you rent a car that hasn't been flagged by the manufacturer or government for a recall.

- Check the rental firm's website for any notices about recalled models in the fleet. As noted above, use a third-party search engine to hone your research.
- The National Highway Traffic Safety Administration (NHTSA) provides a comprehensive online database of motor vehicle recalls dating back to the 1949 model year. NHTSA also provides information on recalls of tires, equipment, child safety seats and school buses. In addition, drivers who suspect potential safety defects can report such incidents via the site.
- Don't assume the car you book is the car you will pick up at the rental facility. First, many rental companies offer multiple models within a given class. Second, it's not uncommon to be given an unrequested upgrade if a given class is not available.
- The rental industry can classify the same model inconsistently, such as a Focus being a "compact" at one rental firm and an "intermediate" at another rental firm. If you're concerned about a given model's safety record, when you're signing off at the rental counter make sure you know the specific model you're receiving—and watch for fine print promising an "or similar" vehicle.
- If you would like to offer support for the Raechel and Jacqueline Houck Safe Rental Car Act, GovTrack provides an easy link so you can weigh in.

Bill McGee, a contributing editor to Consumer Reports and the former editor of Consumer Reports Travel Letter, is an FAA-licensed aircraft dispatcher who worked in airline operations and management for several years. Tell him what you think of his latest column by sending him an e-mail at travel@usatoday.com. Include your name, hometown and daytime phone number, and he may use your feedback in a future column.

Beware of Rental Cars That Should Have Been Recalled and Fixed!

While it's against the law to sell a car with an open safety recall, it's not against the law to rent you one.

Check if your rental car has an open safety recall here. TODAY national investigative correspondent Jeff Rossen revealed that the Rossen Reports team was able to rent cars with open air bag recalls from several well-known car rental companies including Avis, Budget and Hertz.

Experts say you should check the VIN (vehicle identification number) — the 17-digit code generally printed at the bottom corner of your vehicle's dash on the driver's side — before you drive it. Enter your auto's VIN at the following website -- <https://vinrcl.safercar.gov/vin/> -- to quickly learn whether the rental vehicle you're about to drive off the lot has an open safety recall. If it does, demand another vehicle and report that car rental facility to the proper government authorities.

Keep a copy of the original rental agreement to prove your claim. You might be entitled to monetary damages from a class action lawsuit against the car rental companies for endangering your life.



The rental companies and the American Rental Car Association tell NBC News safety is paramount and they've pledged their support for legislation making it illegal to rent cars with open safety recalls. Let's see if Congress has the backbone to act in the interest of consumers.

ACC's *Friend of the Consumer* Award Recognizes Outstanding Businesses in 2015.

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 2015 Summer 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 2015 Summer cycle are now being accepted through August 31, 2015.

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>

