

Consumer News & Views

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NYCC Adds Credit Unions to Serve Financial Needs of Its Members. The New York Consumer Council is pleased to announce the addition of ABE Federal Credit Union as a sponsoring member to serve the financial need of its members in the New York region.

ABE FCU –New York. The American Broadcast Employees (ABE) Federal Credit Union is a cooperative savings and loan service created in 1967 by a group of employees. Like all Credit Unions, ours is mutually owned and operated by its members who save together and make loans to each other from their aggregate funds.



Membership Eligibility. As a member of the New York Consumer Council (NYCC), you are eligible to become a member of ABE Federal Credit Union. Also, employees of Walt Disney Company, Inc. and its subsidiaries are eligible for ABE FCU membership. Employees of certain other companies and family members of qualified members are also eligible. ABEFCU operates full service branches throughout the U.S.

ABE Federal Credit Union offers its members regular savings, basic, primetime, super, and super plus share draft checking accounts with ATM access, IRA accounts, Investment Club Certificates, Holiday and Vacation Club accounts, and our own federally insured Money Market account.

ABE FCU also provides: real estate, home equity, education, consumer, and auto loans, as well as home equity and checking credit lines. In addition, we offer: payroll deduction, Automated Clearing House (ACH) direct deposits of payroll, pension and Social Security checks, wire transfers, Visa travel cards, money orders, foreign currency, Audio Response Services, Internet Branch Services, and Visa credit cards. ABE owns and operates its in-house computer data center.

For more information on ABE FCU, please visit: <http://www.abefcu.org/about/contact-us/>

Consumer Confidence Inches Upward in January. The Conference Board **Consumer Confidence Index®**, which had increased in December, improved moderately in January. The Index now stands at 98.1 (1985=100), up from 96.3 in December.

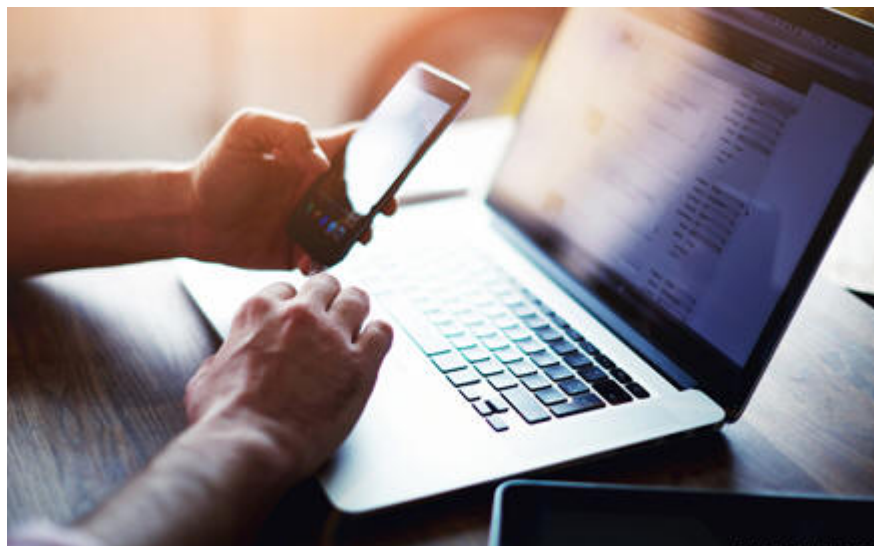
Thomas Hinton, president of the American Consumer Council, noted that “Consumers are feeling more comfortable about their short-term economic situation. Job growth and income issues appear to be stable. Most consumers realize that it’s the political season, so not much change is going to happen that will negatively affect them.”

Hinton added, “The volatility on Wall Street isn’t impacting most consumers. They like falling gas prices and are more focused on potential pay raises as company profits continue to grow.”



The Conference Board also reported that consumers’ appraisal of current conditions was relatively flat in January. The percentage saying business conditions are “good” was virtually unchanged at 27.2 percent, while those saying business conditions are “bad” declined slightly from 18.9 percent to 18.5 percent. Consumers’ assessment of the labor market was modestly more positive. The proportion claiming jobs are “plentiful” decreased from 24.2 percent to 22.8 percent, while those claiming jobs are “hard to get” declined to 23.4 percent from 24.5 percent.

11 Things You Need to Know Before Filing Your Tax Return on April 18th* By Michael McDonald



Tax season is almost here, (*the filing deadline is later this year!) and with it comes all the usual issues of paperwork and confusion. But this year might be especially difficult as there are several new developments on the tax front.

With that said, here are 11 things you need to know when filing your tax return this year.

1. Tax Accountants Get Swamped Closer to Tax Season.

The earlier you start collecting documents and figuring out how you are going to file your taxes, the better. Many accountants might find themselves too busy to help procrastinators who wait until April to start the process.

“There are literally hundreds of changes, extensions and deletions that we will consider this year when preparing returns for our clients,” said accountant William Rivero of accounting firm Correia, Rivero & LeFebvre. “Because of these changes, we are requesting our clients try to have their information to us no later than March 21, 2016.”

Early preparation for filing helps you avoid everything from document issues to accountant time constraints.

2. Tax-Filing Methods Are Evolving.

The way that people actually file their taxes is evolving, with many opting for tax preparation software over filing by hand.

For example, TurboTax offers free and affordable services to help you fill out your tax returns. However, this software can cost as much as \$79.99 if you're self-employed or a small business owner. The IRS offers Free File Software, but it's only available to those whose annual income is below \$62,000. If your income is above \$62,000, the IRS offers Free File Fillable Forms, but you must know how to do your taxes yourself.

There are distinct advantages and disadvantages to various tax-filing methods, and taxpayers should spend a bit of time deciding on the method that is right for them.

3. The IRS Is Trying to Prevent Identity Theft.

With new changes in technology, the IRS is increasingly concerned about tax-filing-related identity theft. There have been many stories in the news in recent years about criminals stealing people's identities and then using those identities to file false tax returns. But during the 2016 tax season, new security measures are expected to prevent this.

According to a statement on its website, the IRS is partnering with state tax administrators and tax leaders to protect consumers against identity theft refund fraud by using more than 20 new data elements on tax returns this year.

“We are breaking new ground in the battle against identity theft,” said IRS Commissioner John Koskinen in a statement. “Taxpayers will have more protection than ever when they file their tax returns.”

4. But These Safety Precautions Could Make the Process Longer.

CBS MoneyWatch reports, however, that this effort against identity theft and fraud will mean “more stringent passwords to access tax software” and security questions for taxpayers. There will also be a new feature that will lock users out after too many failed log-in attempts. Although these data elements should detect possible identity theft refund fraud, it also means tax-filing might be a longer process.

And as with all changes, these new security measures might encounter some hiccups and complications the first time through. So, make sure you give yourself plenty of time to get through the tax-filing process this year.

5. IRS Customer Service Levels Might Be Low — Again.

In November 2015, Koskinen warned that customer service will be even worse during the 2016 tax season, reports the Washington Post.

During the 2015 tax season, customer service levels were low at only 37.6 percent, reports Forbes. Out of approximately 83.2 million taxpayers who contacted the IRS via its Customer Account Services number, only about 8.3 million were connected to a live person. And, the average wait time to talk to a person was 23.5 minutes.

But, *USA Today* reports that during a January 2016 media briefing, Koskinen said there might be shorter telephone waiting times this year. “We expect the level of service on the phone will be better than last year,” he said. “Our goal would clearly be to have [waiting times] under 20 minutes.”

6. Audits Are Fewer But Just As Unpleasant.

Congress did approve a \$290 million budget hike for the IRS, but that money is going to be used to improve customer-service issues — not tax compliance and enforcement, reports *USA Today*. That means there will likely be fewer tax audits in 2016 compared with last year.

But when taxpayers do end up with a regular in-person field audit, it will likely be as grueling and intense as it has always been.

7. Obamacare Penalties Are Higher.

The changes to Obamacare this year are significant, especially on the penalties side. While the Affordable Care Act imposed penalties for those without having qualifying health care coverage, the penalties were rather small initially. If you didn't have coverage in 2014, those penalties started at \$95 per adult or 1 percent of household income. In 2015, they rose to \$325 per adult or 2 percent of household income if you didn't have health insurance that year.

All of these penalties might be confusing for many taxpayers — specifically those who did not have health insurance coverage in 2015 — when they file their federal tax return. Visit Healthcare.gov or consult a tax professional if you have concerns.

8. The IRS Has a Program to Exchange Your Account Information.

The Foreign Account Tax Compliance Act (FATCA) “requires certain U.S. taxpayers who hold foreign financial assets with an aggregate value of more than the reporting threshold — at least \$50,000 — to report information about those assets on Form 8938, which must be attached to the taxpayer’s annual income tax return,” states the IRS.

Those who fail to do so could face stiff penalties, which often essentially puts the firms out of business. That’s why even in the famously secretive Switzerland, banks have bent over backward to comply with U.S. law.

As of January 2016, more than 100 countries have signed FATCA agreements with the IRS. And in October 2015, the Wall Street Journal reported that the IRS has a new program where they can automatically exchange digital financial account information with tax authorities in other countries.

9. Chances of an Audit Are Higher If You’re Wealthy and Live Overseas.

Bloomberg Business reported in 2015 that those who make \$200,000 to \$1 million a year have a 2.2 percent chance of getting audited, which is more than double the average. And for those who make more than \$1 million that number jumps to 7.5 percent. Additionally, U.S. taxpayers overseas had a greater chance of getting audited in 2015.

Furthermore, the Wall Street Journal recently reported that an inspector general’s report is urging the IRS to focus on auditing the super-wealthy instead of those who make \$200,000 to \$400,000 a year.

All of this changes the way wealthy U.S. taxpayers, those traveling abroad and U.S. expatriates have to think about filing their taxes in 2016. Filers who try and use any international tricks to minimize taxes can face substantial penalties and even possible criminal prosecution.

10. Start Gathering Your Documents Now.

Tax planning in any year is never fun, but 2016 might be particularly difficult for a wide variety of groups. Taxpayers need to understand the changes in Obamacare, for example, and how the IRS will use their personal data to try to prevent identity theft, which will require more effort from taxpayers as well.

In this environment, planning and early research is the best way to get started. Start collecting your personal tax documents early, especially your Affordable Care Act paperwork.

11. The Tax Deadline for Filing Is Different This Year.

The IRS deadline for filing taxes is generally the same each year — April 15. But this year, the filing deadline is three days later thanks to a federal holiday, Emancipation Day, being celebrated in Washington, D.C. Since the 15th is a Friday and the IRS cannot require the filing deadline be a holiday or weekend, the deadline rolls over to Monday, April 18.

This should provide last-minute tax filers with a bit more time to get their paperwork in order.

***About the Author:** Dr. McDonald is an assistant professor of finance and a frequent consultant to companies regarding capital structure decisions and investments. He holds a Ph.D. in finance and his research has been quoted in the Wall Street Journal and by Bloomberg. He teaches classes in the areas of corporate finance and investments. He has examined international differences in financial markets, asset pricing anomalies, and the role of analysts in setting securities prices as well as acting as a business consultant for several different companies in the areas of finance and economics.*

3 Big Signs That There's No Recession Coming By Jeremy Bowman

Almost out of nowhere, talk of recession has spread across the financial media. Blame it on the market getting off to its worst start ever this year, as the S&P 500 dropped 8% in the first two weeks of trading.

Investors are rattled by slowing economic growth in China and falling oil prices, and many analysts now seem to think there's a chance of a recession hitting the U.S. In a December report, **Citigroup** said there was a 65% chance of the U.S. plunging into recession this year, saying the bond yield curve could invert.



The call was so severe, that Fed Chairwoman Janet Yellen specifically rejected it in a hearing on Capitol Hill; but even she allowed a 10% chance of recession back in December, and a recent survey of economists indicated an 18% chance. While there's always the possibility of a recession, there are a number of signs that the U.S. economy is stronger than it's been in a long time, which would indicate little danger of the economy slipping into negative growth.

1. Job growth is Steady.

The U.S. economy added 2.65 million jobs last year, the second-highest total since 1999. The unemployment rate has now fallen to 5%, less than half of what it was at the height of the financial crisis, and a level that most economists consider to be full employment. Wage growth has also finally picked up, rising 2.5% in December from the year before.

Other signs indicate the job market remains strong. Just a few months ago, initial unemployment claims, seen as a forward indicator of job growth, fell to a 42-year low, indicating that layoffs are lower than they've been in more than a generation. If there is a recession coming, employers certainly aren't behaving that way.

In another recent report, the number of unemployed people per job opening fell to a 10-year low, at just 1.5.

Rising unemployment is one of the first indicators of a recession; thus far, there are no signs showing the labor market slowing.

2. Auto Sales are Up.

The year 2015 marked a new record in auto sales, eclipsing the old mark set in 2000, as 17.5 million vehicles were sold in the U.S last year. Auto sales are seen as a leading indicator of the economy, along with consumer spending, as they represent a significant and often discretionary purchase. The category itself makes up about 20% of retail spending.

The new record is largely a result of cheap gas, low interest rates, and an improving labor market and economy. As more people rejoin the labor force, the need for a vehicle goes up, as well as the ability to purchase one.

During the financial crisis, auto sales plunged, falling by more than a third from 2007 to 2009. While sales have been volatile during the last few months, there are no signs of a long-term slowdown on the horizon, and in fact, major automakers are boosting their guidance for 2016.

Ford Motor Company (NYSE:F) just reported record profit of \$7.4 billion for 2015, and is projecting operating margin and earnings per share of equal to 2015 or better in 2016. **General Motors** (NYSE:GM), meanwhile, recently raised its dividend, increased its share buyback, and upped its guidance for 2016, indicating it sees auto sales continuing to grow this year.

3. Credit is Improving.

The average American credit score is now 695, its highest level in more than 10 years since the housing bubble came along and destroyed the credit of underwater homeowners. The number of Americans with FICO scores below 550 is at 12.5% compared to 14.6% 10 years ago, and the percentage of Americans with poor credit scores has fallen significantly and steadily since the recession.

Average household debt has also fallen about 20% since the depths of the recession as Americans spend their windfall from low gas prices on paying off credit car debt and other loans.

Credit quality at banks is also improving. Default rates and foreclosure continue to drop at the nation's banks, and charge-offs for bad loans are a fraction of what they were during the recession. Paying off debt and saving money will help Americans better weather a slowdown in the economy, should one come, making the likelihood of a recession smaller.

It's easy for investors to mix up the economy with the stock market, but the two are not the same. The pullback in stocks this year comes after several gains, making the market priced above its historical average. There's no such concern like this affecting the economy. Meanwhile, conditions like low oil prices cast uncertainty about the market, but are actually a net positive for American consumers, as savings at the pump counteract losses for energy companies.

There's always a chance that the economy could slow down, but the reality is that it hasn't been stronger this century. With the labor market, auto sales, and consumer credit all improving, economic growth should continue.

ACC Annual Meeting Scheduled for June 10, 2016. The American Consumer Council will hold its annual membership and business meeting on Friday, June 10, 2016 at 10:00 am at The Lodge at Torrey Pines located in La Jolla, CA. The meeting is open to all members of ACC and there is no charge to attend the meeting. The business agenda for the meeting will be published in May 2016. For more information, please contact ACC's meeting department at 1-800-544-0414.



The Lodge at Torrey Pines, La Jolla, CA

ACC's Friend of the Consumer Award Recognizes Outstanding Businesses in 2015-2016.

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 2016 Spring 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 2016 Spring cycle are now being accepted through April 1, 2016.

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>

