

# Consumer News & Views

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## Economic Recovery and Jobs Remain the Hot Topic for Election 2012.

So far, the 2012 presidential campaign has been a slugfest about everything but the two key issues that will determine the outcome on Tuesday, November 6th. While American voters care about healthcare, how quickly President Obama has removed troops from Iraq and Afghanistan, and Governor Romney's tax returns, ultimately, this election will be dominated by two familiar issues -- the state of our economy and jobs.

When President Barack Obama succeeded George W. Bush in 2009, the American economy was a mess. Over the past three years, many voters have forgotten how bad things were and now hold Mr. Obama accountable for the economic condition of our nation. While Mr. Obama has stopped the bleeding, the American economy remains in critical condition. While the president gets credit for his healthcare and financial reforms laws, the overriding issue for most voters remains jobs and the economic health of America. President Obama is relying on federal stimulus to jumpstart the economy, While Mr. Obama's plan appears to be working the results are painfully slow, which is frustrating to millions of Americans who remain out of work, under-employed or facing foreclosure.

Mitt Romney says he wants to leverage the private sector to spur economic growth. Romney is also committed to balancing the budget, cutting spending for federal agencies and entitlement programs, and reducing taxes at the corporate and personal level. Romney also has vowed to repeal Obama Care.



While President Obama's Recovery Act has contributed to the creation of 4 million jobs during his term, the unemployment rate in the United States remains stuck at a dismal 8.2%. Obama blames an uncooperative Republican Congress for his policies' sluggish performance while Republicans claim the president's opposition to extending the Bush-era tax cuts "as is" is the reason why small businesses won't hire people.

In this war of words who wins? Certainly not American consumers who are anxious to see a major drop in unemployment numbers, a higher growth in America's GDP and a system-wide resolution to the mortgage and foreclosure problems nagging millions of homeowners.

"These are the serious issues of the day, says Thomas Hinton, president of the American Consumer Council, a non-profit consumer education organization. He added, "But candidates prefer to talk about more mundane matters rather than confront the major issues that are facing voters."

While this strategy tends to favor President Obama, it is possible for Governor Romney to win if he can convince enough voters that the current Obama plan is not working and America's economic mess is really Mr. Obama's fault and not George W. Bush's doing. That's akin to pulling a rabbit out of your hat when you're wearing a visor.



Maine Savings Federal Credit Union began as BARCO Federal Credit Union in Millinocket, Maine in 1961 for the Bangor & Aroostook Railroad Company. In the past 49 years, we have grown to be the largest credit union in eastern Maine with assets of \$217 million, and more than 25,000 members, plus more than 450 Select Employee Groups, and nine branches—in Hampden, Bangor, Brewer, Milo, Corinth, Ellsworth, Vassalboro and Bar Harbor. In 2001, the Board of Directors made the strategic decision to change the name to Maine Savings Federal Credit Union, to more accurately reflect our diverse field of membership.

To become a member of Maine Savings Federal Credit Union and take advantage of their outstanding customer service and competitive loans, please click on their website link at: <http://www.mainesavings.com>

Maine Savings is a full service financial institution offering all of the products and services as the large national institutions—consumer products, commercial services, mortgages, insurance, and financial planning—but with the safety and security of a truly local institution. You can rest assured that Maine Savings is safe and sound.

Maine Savings is the largest credit union lender in the state of Maine, and specializes in mortgages. While the national news about housing continues to be bleak, Maine Savings is quietly building a mortgage success story, with a complete menu of mortgage products and services. We're helping more Maine people buy new homes or refinance existing ones than ever before. Maine Savings offers the new CU Promise Loan, created specifically to make the home buying process simpler. It comes with three guarantees—guaranteed same day loan decision, guaranteed closing date and guaranteed local servicing for the life of the loan. Your money stays right here in the community you call home.

Maine Savings also continues to lead the way in commercial services. Ever since introducing the expansion of our commercial services in late 2003, more and more of our small business owner members have taken advantage of our Business Made Easy program. Our financial products and services provide simple and effective ways to handle their finances with ease, freeing them up to concentrate on developing their business. Our commercial lending program offers business loans at competitive rates, lower and fewer fees and generous terms that allow small business owners to borrow comfortably in order to achieve their financial goals.

Make the move to Maine Savings and you'll agree that our tag line says it all — "We treat you like you own the place!" — because you do!

*The American Consumer Council and the New England Consumer Council are pleased to have **Maine Savings Federal Credit Union** as a Sponsoring Member*

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## Visa, MasterCard Agree to \$6 Billion Credit Card Settlement.

Retailers have won a major victory against Visa and MasterCard for overcharging them on swipe fees. The Associated Press reports that the deal includes more than \$6 billion in cash for damages, of which Visa will pay \$4.4 billion and MasterCard will pay \$790 million. As part of the settlement, credit card companies have agreed to reduce for eight months the "swipe fees" that businesses pay credit card companies for card transactions they process. The temporary fee reprieve is valued at \$1.2 billion.



Lawyers involved in the case call it the largest antitrust settlement in history. Most major U.S. banks are defendants. The merchants include grocery chains Kroger and Safeway, the Rite Aid drugstore chain and QVW, the TV and online shopping network.

In the antitrust case, which dates to 2005, the retailers alleged the card issuers and banks conspired to fix the fees the stores paid to accept credit and debit cards, which average about 2% of the price of a purchase.

Consumers could feel effects of the settlement, too. Part of the agreement includes changes to Visa and MasterCard rules that will allow retailers to implement a surcharge for customers who pay with a credit card, which are more expensive transactions for merchants to process since they aren't subject to the caps on interchange fees imposed by the Durbin Amendment.

The Durbin Amendment was enacted in 2010 as part of a broad financial markets overhaul and lowered the swipe fee charged to merchants when they accept debit cards from customers. It's been contentious because banks have lost revenue from not being able to charge as much for those transactions. But retailers say the fee they're charged now is still too high.

Thomas Hinton, president of the American Consumer Council, a non-profit consumer education organization called the settlement a hollow victory for consumers. Hinton said, "While this is a victory for retailers, it remains to be seen how consumers will benefit from the settlement since there's no requirement on the part of retailers or credit card companies to reduce the fees consumers pay for using a credit card."

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## 6 Secrets Retailers Don't Want You to Know: How to Get the Most for Your Money!

By Naomi Mannino | [Bankrate.com](http://Bankrate.com)

If you're like most consumers searching for the lowest prices when shopping, you need to know retailers have some tricks up their sleeve for fighting back against their own rising costs.

It's no secret prices keep rising. According to Consensus Economics, publisher of *Consensus Forecasts USA*, inflation and overall prices will rise a modest 2 percent in 2012, but income will not rise accordingly. Gas prices are expected to rise, and we can all personally attest to food price hikes. Even the U.S. Postal Service raised its rates in January, and it might do so again soon. Prices for branded goods in high demand such as Levi's jeans and Nike sneakers already rose 5 percent to 15 percent during 2011 and will rise another 5 percent to 10 percent before 2012 is over, according to retail analysts.



Be warned, say consumer experts and retail industry insiders alike, because the best price is not all you have to look out for when trying to get the most for your money.

### 1. Low prices don't go with high quality:

Manufacturers for items from bedding to boots have been sweating price hikes in cotton, leather and other textiles. And, the costs of doing business in China, from sewing to shipping, have increased as well.

"It's a dirty little secret in the retail industry: To avoid retail price increases, retailers and manufacturers 'value-engineer' a product to reduce its cost by purposely taking the quality out of products to make that price point a reality for you, the consumer," says James Dion, president of Dionco, a Chicago-based retail consulting firm. "You will see this with smaller brands and private-label products at discount merchants and off-price retailers where the prices seem to actually get lower."

"Prices for popular name-brand footwear (think UGG and Nike) are still increasing 5 percent to 7 percent more this year with the quality and workmanship what you'd expect," says Mike Featherston, president and CEO of ICB International, a footwear development and resourcing company. "Not every manufacturer or retailer has cut corners, but be very careful at evaluating low-cost, no-name merchandise."

### 2. Retailers take advantage of focus on price:

Consumers often set a price in their mind to pay for an item, says James Dion, president of Dionco, a Chicago-based retail consulting firm.

"If your eye is on the lowest price when shopping for footwear, apparel or household goods, you can make serious spending mistakes this year," Dion says. "You will overlook smaller packages, (fewer) items in a set and inferior goods that simply won't last or wear as well."

It's a trend that can be tracked, according to Britt Beemer, who found similar results in his 2011 Consumer Track Back-To-School Shopping Survey.

"We found that a troubling 56 percent of people don't notice how an item is made and base their decision solely on price," Beemer says.

"It's very dangerous to be set on a price alone when shopping. Items of high quality may cost more than you dreamed, but you have to remember that one great, high-quality item replaces many mediocre items," says Vicky Oliver, author of "The Millionaire's Handbook."

### 3. Outlet stores are no bargain:

You might think outlet stores and off-price shopping is the way to get the better goods for a cheaper price. "But manufacturers and retailers have figured out it's actually cheaper to just make lower-quality merchandise specifically for these stores (think outlet malls, Marshall's and Ross), and that's 90 percent of what you'll find there," says Vicky Oliver, author of "The Millionaire's Handbook."

"That Coach handbag at the outlet is not the same one sold in a department store," Oliver says. "It's a completely different caliber of an item. Its full-price cousin is sturdier, has superior stitching and softer leather. The outlet merchandise is less costly, but lower in quality, too. And if it is the real thing, the only reason it's there is because people with money didn't like it enough to buy it."

Oliver suggests spending time in the upscale department stores to train your eye and hand in the look and feel of the higher-quality designer items. "Try them on, and notice the drape and superior fit. Examine seams, pockets and buttons in the light so you can recognize high-quality versus low-quality when you are shopping on a budget," she says.

#### 4. All bedding and bath items are not the same:

"Consumers think any towel or sheet is as good as any other, and that's a costly mistake," explains James Dion, president of Dionco, a Chicago-based retail consulting firm. Two bedding and bath suppliers, who preferred to remain anonymous, gave the following advice for examining bedding and bath merchandise.

**Towels:** The standard bath sheet size is 35 by 60 inches, but bath sheets in stores today may be sized 30 by 54 and cost the same or less than their larger counterparts. Compare towels by size and feel first, then on price for comparable items.

**Bedding:** Pure-spun microfiber polyester is the cost-cutting bedding textile retailers from Wal-Mart to Bed Bath & Beyond turned to in 2011. A recent price check found that pure cotton 250 to 300 thread-count sheets cost double the same size microfiber. The thinner microfiber splits easily and does not breathe like cotton. Pure cotton thread counts now range from 100 to 1,000, with the lowest feeling like burlap. The main difference between the 600-count and 1,000-count is the exorbitant price. If the label doesn't specify, it is likely a cotton-polyester blend. And bedding sets may contain fewer items than you remember.

#### 5. The latest trends will cost you more:

"If you examine hot new trends such as colored skinny jeans, faux leather outerwear, handbags and apparel ... with zippers instead of buttons or laces or less fabric, you will see that these are all ways a manufacturer can cut costs," says Andrea Woroch, savings expert for Kinoli Inc., creator of CouponSherpa.com. "These small changes per item really add up to a lot of cost savings for the retailers. Plus, they are promoted to you as the hot, new thing and priced higher to boot."

Apparel suppliers say it's cheaper to dye a pair of jeans one solid color than it is to acid wash or treat denim many times to achieve a desired denim wash, and they use less fabric in a thinner grade of cotton to manufacture skinny jeans and most "jeggings," or leggings that resemble skin-tight jeans. Zippers are faster and cheaper to sew in than buttons and lace, and they can take the place of more expensive fabric or leather, too.

"Most low-priced, low-quality nonbranded or private-label clothing today will simply fall apart faster than its branded counterparts," says James Dion, president of Dionco, a Chicago-based retail consulting firm.

#### 6. Beware of 'designer exclusives':

So what about brands such as Simply Vera, the Vera Wang brand sold only at Kohl's, or Jason Wu for Target? If you think it's the same designer merchandise sold at Bloomingdale's for four times more, then you need a reality check. "You're buying into the brand name, but you need to understand it's not the same," says Vicky Oliver, author of "The Millionaire's Handbook." "These designer 'exclusives,' as stores call them, are nothing more than cheaply made merchandise using that designer's name."

"They don't feel, look or fit the same as the real thing," she says. "Unless you have disposable income to spend on this stuff, you'd do better to save up your money and invest in just one classic, beautifully fitting piece of the real thing. Even the high-end department stores have sales and coupons, so get on the email lists and befriend the sales associate to find out (about) sales -- and spend your money then."

Don't settle for less in your shopping bag: Read labels and open loose products to check sizes. Evaluate fabric, fit and workmanship carefully to make sure you're getting the best your budget allows.

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### Green C<sup>SM</sup> Certification Accepting Applications for 2012 Summer Cycle:

If your company or organization would like to increase its credibility with consumers, you should consider applying for the **Green C<sup>SM</sup> Certification**. Applications for the 2012 Summer cycle are now being accepted through August 31, 2012.



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 C<sup>SM</sup> Certification** criteria can be viewed at ACC's website located at: <http://americanconsumercouncil.org/greenc.asp>

