

Consumer News & Views

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What Will General Motors do to Regain Consumers' Trust? General Motors is struggling to deal with a defective ignition switch that is now linked to accidents in which 12 people have died over the past decade. GM has now issued a recall for 2005-2007 Chevrolet Cobalt and Pontiac G5, the 2003-2007 Saturn Ion, the 2006-2007 Chevrolet HHR, the 2006-2007 Pontiac Solstice and the 2007 Saturn Sky.



GM's original key could accommodate multiple rings. *Lance Cooper Law Firm*



GM's redesigned key could hold just one ring. *Lance Cooper Law Firm*

After reviewing documents released by federal safety regulators, it appears GM suspected a problem with the faulty ignition switch in the Saturn Ion. One GM service technician observed a Saturn Ion stall while driving it. In a 2003 incident, the owner "had several keys on the key ring" and the additional weight of the keys had "worn out the ignition switch," GM states in its chronology. The service technician replaced the switch and the report was closed, GM told regulators. GM went on to say there were other reports of complaints from customers not able to start their Ion engines. The auto maker didn't offer additional details.

Given the complexity of this recall and the potential liability facing GM, the question is how will General Motors regain consumers' trust? According to Thomas Hinton, president of the American Consumer Council, "GM faces a major uphill climb now to regain the trust of its brand with consumers." Hinton added, "Consumers understand that auto makers will have challenges from time to time with their vehicles. But, when an auto make hides the facts and, in so doing, causes more injuries and deaths, that behavior is both deceptive and criminal. Consumers are not going to soon forgive or forget GM's actions and missteps. They'll rush to the competition."

GM is taking steps to reassure consumers and regulators that it now is committed to addressing the problem. The auto maker earlier this week said Chicago attorney Anton Valukas, who served as the examiner of the downfall of Lehman Brothers Holdings Inc., will help lead an internal probe of the handling of the ignition-switch recall.

So far, GM has made moves to reach out to customers saying it has authorized U.S. dealers to give any owner of a car covered in the recall, and unhappy with the vehicle, a \$500 cash allowance to buy or lease a new GM product. The allowance is available through April 30 and can be used on a new 2013, 2014 or 2015 model year Chevrolet, Buick, GMC or Cadillac.

"In keeping with our commitment to help customers involved in this recall, a special, \$500 cash allowance is available to purchase or lease a new GM vehicle," spokesman Greg Martin said. "We have been very clear in our message to dealers that this allowance is not a sales tool and it is only to be used to help customers in need of assistance. Neither GM, nor its dealers will market or solicit owners using this allowance."

The auto maker is also facing an April 3 deadline in answering 107 questions posed by NHTSA concerning GM's timeline on the events leading to the recall. NHTSA is trying to decide if GM was noncompliant in the time it took to initiate the recall.

Morningstar Inc. senior equity analyst David Whiston said the company is likely to shake off any short-term market-share loss. "The company may well lose sales in the short run because of constant negative headlines, but the impact to its reputation depends on how GM's new CEO, Ms. Barra, and her team respond over the next few months," Mr. Whiston said. "We expect GM will continue to take responsibility and admit fault in how it handled the process."

Enrollment Deadline Looms for President Obama's Affordable Care Act. The enrollment deadline for President Obama's Affordable Care Act is less than two weeks away. The March 31 deadline for the uninsured to enroll in one of the Affordable Care Act's marketplace health plans is fast approaching and consumers need to start giving serious thought to enrolling in a health plan or face a financial penalty for failing to do so.



According to spokespersons for the Obama Administration, about 70 percent of those enrolling are eligible for some level of subsidy, and half are finding coverage for less \$100 a month. But with the deadline fast approaching, it's the *penalties* for not enrolling -- not the subsidies -- that are drawing the most attention.

Uninsured individuals who do not have coverage after March 31 face a tax penalty of either \$95 per uninsured person or 1 percent of taxable income, *whichever* is greater. Waivers have been extended to those who have had their previous health plans cancelled and those who can show they cannot afford to purchase coverage.

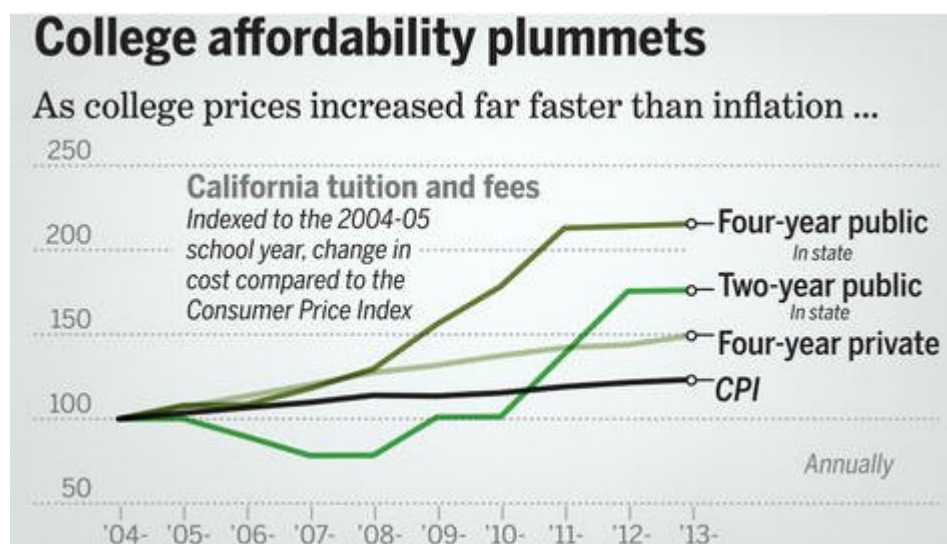
The "whichever is greater" clause is often overlooked but, according to a report by NPR, the penalties for higher-income individuals could top out at about \$3,600 per person annually. Those penalties will grow in subsequent years.

Those who miss the deadline will have to wait for the next enrollment period, beginning Dec. 15, although there are exceptions made for "major life changes" such as a birth in the family, the loss of a job or a divorce.

A Gallup Poll found the percentage of uninsured Americans continues to drop, from 17.1 percent in the fourth quarter of 2013 to 15.9 percent so far this year -- the lowest percentage since 2009. That would indicate some success on the health care law's part. Yet enrollment in the health exchanges -- 4.2 million through February -- remains well short of the stated goal of 6 million to 7 million signups by March 31. And a poll last week by CNN and ORC International researchers found that 39 percent of Americans support Obamacare, up from 35 percent in December, but 57 percent still said they oppose the law.

How will the Average Consumer Continue to Pay the Cost of College? The average sticker price for college has increased at triple the rate of inflation over three decades according to a report by the New York Federal Reserve Bank. Affordability has plummeted as family incomes failed to keep up.

Reports show that student loan balances have shot past \$1 trillion, second only to mortgages in the Federal Reserve's measure of consumer debt — and 27 percent of borrowers have past-due balances, the Fed estimates.



At private universities, between the 2008/2009 and 2011/2012 academic years, students in the lowest income group saw their costs go up by around \$1,700, while higher-income students saw costs rise by \$850 to \$1,200 dollars.

Financial-aid officials say higher-income families have learned to work this system, pitting institutions against one another to negotiate for even more discounts while also capturing a lopsided share of outside scholarships.

Interestingly, borrowers are not just kids; 33 percent of the debt is held by people in their 30s. Student loans borne by those in their 50s has tripled since 2005 to \$112 billion. People over 60 owe \$43 billion — 12.5 percent are delinquent.

Potential co-signers should also take note: The government can, and does, grab past-due payments from tax returns and Social Security checks. For decades families have gone to incredible lengths to send children to college. They know a degree still represents a valuable social and financial investment. But many are reaching their limits.

Enrollment growth has flattened since 2011 after surging during the Great Recession. Some private colleges are cutting prices and cranking up marketing budgets after seeing fewer freshman this fall.

Meanwhile, governments have reduced funding for public colleges this decade. Private nonprofits have piled up debt. So, what's the solution? The American Consumer Council has suggested that two actions. First, every high school graduate who chooses to attend college or a vocational training program should receive a two-year tuition grant from the Federal Government equal to the full tuition amount provided that student maintain a minimal grade point average (GPA) of 2.0.

Secondly, any student who excels academically by being named to the Dean's List or maintaining a GPA of 3.5 or higher will be eligible for tuition assistance in their third and fourth year of college.

Thomas Hinton, president of the American Consumer Council, said, "While the wealthy can afford college tuition, lower-income families and middle-class families are stuck to fend for themselves. The cost of college is burying the middle class financially and Congress needs to fix this problem by offsetting the rising cost of higher education through grants, tax credits and higher subsidies. To ignore this problem is to jeopardize our nation's future."



Based in Austin, Texas, rateGenius is a multi-state, web-based loan brokerage company. By hosting a virtual marketplace, rateGenius brings together qualified borrowers and competitive lenders to create the best possible financing opportunity for our customers.

Here's what rateGenius offers consumers:

- Financing of a new or used car from a dealer, or a car at the end of a lease
- Refinancing of an existing car loan
- No interest prepayment penalties
- Extended warranties and mechanical breakdown insurance
- Credit insurance

rateGenius is licensed as a registered lender with the Texas Office of Consumer Credit Commissioner and is a member of the Better Business Bureau. All lenders in the rateGenius network are either FDIC-insured banks, thrifts or licensed lenders.

For information, visit: <http://www.rategenius.com/Content/applying.php>

American Consumer Council Invites Members to Serve on Board of Directors. Two members of the American Consumer Council (ACC) have submitted applications to stand for election to the Board of Directors. The qualified individuals are Barbara Yager, an attorney in Madison, Connecticut, and Edward McHale, an attorney in West Palm Beach, Florida. Candidates for the ACC Board of Directors must complete a written document stating their qualifications and intentions to serve on the Board. The document must be submitted to ACC's national headquarters by April 4th and witnessed by a second member of the organization.

ACC's Secretary will post a ballot on April 14 for all members to complete no later Friday, May 9th. The two top vote recipients will be seated as new directors at the 2014 annual meeting to be held on Friday, June 13, in San Diego. Service as an ACC board member is a voluntary position and elected directors are not compensated for their service. Officers and employees of credit unions and regulatory agency officials and their agents are not eligible for service in keeping with ACC's policies relating to conflicts-of-interest.

The email address for all responses is: info@americanconsumercouncil.org



ACC also is seeking additional member representation for its eight standing committees – Education; Sponsorship; Advocacy & Consumerism; Member Services; Regional & State Councils; Marketing; Regulatory & Government Affairs; and, Awards & Recognition.

Any member who wishes to serve on one of ACC's eight standing committees may do so by sending a statement describing their interest and qualifications. Appointments are announced on a regular basis. Officers of credit unions and regulatory officials and their agents are not eligible for service in keeping with ACC's policies relating to conflicts-of-interest.



Transamerica Financial Solutions Group serves the financial institution market with loan protection products, reinsurance solutions and related services. Our mission is to market the industry's most innovative insurance programs and deliver effective marketing, professional training and support to help our partners maximize profitability while reducing costs and improving service.

Transamerica is an AEGON company, a multinational insurance organization headquartered in The Hague, the Netherlands. AEGON is one of the world's leading life insurance and financial services organizations. Transamerica markets the quality products of AEGON's affiliated insurance carriers and utilizes the resources and expertise gained from diverse products and distribution channels. With a portfolio that includes credit and mortgage insurance, debt cancellation, reinsurance solutions and related products, Transamerica can tailor products that strengthen your financial institution while protecting customers' loan obligations.

Transamerica utilizes the following AEGON company carriers that are rated by A.M. Best Company, Standard & Poor's, Fitch Ratings and Moody's Investor Service based on financial strength and operating performance.

Transamerica has an outstanding track record of supporting credit unions and other financial institutions. Transamerica is also a corporate sponsor of the American Consumer Council.

For more information, please contact Transamerica Vice President Tom Kazar at:

http://www.transamericafinancialsolutions.com/contact_us.html



ACC Annual Meeting Scheduled for Friday, June 13. The annual meeting of the American Consumer Council will be held in San Diego, California on Friday, June 21, 2013 at 10:00 am PST. The specific meeting location will be announced soon. This year's meeting will include a teleconference call to accommodate more members who wish to participate. All voting members are invited to participate in the annual business meeting. There is no cost to attend the meeting.

To register to participate at this year's annual meeting, please email the ACC office. If you wish to participate via the teleconference, please request the password for access to the conference call at: info@americanconsumercouncil.org.

The annual meeting will discuss business matters pertinent to the management and operations of the American Consumer Council including the election of two new directors for the board of directors, and review activities and issues during the past 12 months. An agenda will be posted on the ACC website by May 1st.

Green CSM Certification Accepting Applications for 2014 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 2014 Summer cycle are now being accepted through May 30, 2014.

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>

