MARCH 2022

WINTER

Consumer News & Views

THE OFFICIAL MONTHLY NEWSLETTER OF THE AMERICAN CONSUMER COUNCIL

In This Issue

IDENTITY THEFT P2

PROTECT YOURSELF P3

REALTY INTEREST RATES P5

RISING RATES P6

ECONOMIC STRENGTH P7

RESTORE CONSUMER RIGHTS P9

TRUE SKY CREDIT UNION P11

ACC WRAP-UP P12

Consumer confidence Increased Slightly in February

The Conference Board Consumer Confidence Index® improved slightly in February, following an increase in January.

The Index now stands at 130.7 (1985=100), up from 130.4 in January.

- Consumers' assessment of current conditions was less favorable in February.
- Those claiming business conditions are "good" declined from 40.0 percent to 38.6 percent
- Those claiming business conditions are "bad" increased from 10.4 percent to 11.9 percent. Consumers' assessment of the job market also moderated from last month.
- Those saying jobs are "plentiful" decreased from 47.2 percent to 44.6 percent, while those claiming jobs are "hard to get" increased from 11.9 percent to 14.8 percent.

The **Expectations Index** – based on consumers' short-term outlook for income, business and labor market conditions – increased from 101.4 last month to 107.8 this month.

——*See CONSUMER SPENDING, P. 7*

Identity Theft on the Rise

by The Missing Ink LLC
3/01/2022

New reports have revealed an alarming increase in identity theft and fraud just ahead of this year's tax season. As everything has migrated online in the wake of the pandemic, it is easier than ever to have your identity stolen—online.

Millions of Americans fall victim to identity fraud and theft every year. Billions of dollars are lost, and lives are ruined. Victims are wondering if they can ever recover again and if the trends of fraud will cease as the pandemic slows down.

Recent Increase in Identity Theft and Fraud

During the last quarter of 2021—between October and December—identity theft and fraud cases increased a whopping 11%. New credit card obtaining and fraud of loan accounts increased by 61% over the last year itself. 42% of cases in Q4 of 2021 were incidents regarding loan and credit applications.

Allstate Identity Protection VP of Product Lewis Bertolucci shared:

"Stories from our members are a constant reminder that identity theft and fraud come in all shapes and sizes. From fraudulent online purchases of $100,000 luxury vehicles to new accounts at banks they've never once set foot in, we see it all and pride ourselves on the powerful fraud-catching tools we offer to provide peace of mind."

Disability Fraud is Next

Advisors warn the public to be aware of the new trend of disability fraud. Scammers are looking to defraud government agencies in the unemployment departments. False disability claims have doubled since the beginning of the pandemic. This includes this year's tax season. Victims are receiving letters regarding disability benefits they never filed for.

Unemployment Fraud Reduces

Contrary to popular belief, as the tax season fraud for disability benefits increases, unemployment fraud benefits decrease. Q4 of 2021 showcased a decline in unemployment fraud as the IRS continues to crack down on fraudulent cases.

At one point in the pandemic, unemployment fraud was prevalent. It accounted for nearly three-quarters of all AIP remediation cases. Members were saved nearly $17 million in taxes alone than they would have had to originally pay. A lead advisor stated, "Though steep drop-offs in unemployment and tax fraud are encouraging, we expect to see both on the rise again this tax season, as many victims of these types of fraud do not realize they have been targeted until they file taxes."

Top 7 Ways to Protect Yourself from Identity Theft

TIdentity theft and fraud continue to increase as the pandemic rages on. The digital world has made it far too easy to become a victim of identity theft—overnight.

Lead advisors from Forbes have structured strategic ways to ensure you do not find yourself a victim of identity fraud. These proven tips will protect you from having loans or applications opened in your name—or your identity being stolen out from underneath you.

Here are the top 7 ways to protect yourself from identity theft:

Check Credit Reports
You have the option to receive a FREE copy of your credit report from all three credit bureaus once a year. There are multiple websites and applications that can also provide you with a report and credit monitoring. Keep an eye out for any hits or inquiries that you do not recognize.

Freeze Credit Reports
Many people are unaware they have the option to free their credit reports. If the credit reports are frozen, scammers cannot open new accounts under your name. You can temporarily lift the freeze if you need to apply for a new account.

Password-protect Your Accounts
Kasperksy Labs found an alarming 52% of people do not password-protect their phones. It is imperative to enable the password or biometric identification—such as the fingerprint access scanner or facial recognition option—to protect a scammer from accessing your personal information.

Avoid Public Wi-Fi
Although everyone looks for free Wi-Fi, it leaves you vulnerable and exposed to easy hacking. Thieves are looking for easy access to your personal information and financial accounts. Do not make it easier for scammers to unlock your devices!

Shred Your Docs
If you receive paper correspondence that contains personal or financial information, shred it. It may seem excessive, but scammers are on the lookout—even in the garbage. You can either micro-shred or cross-cut your documents—the most secure way of disposing of pertinent docs—or join local community shredding events.

Pull Back Your 'Social'
In the day and age of social media and revealing everything to everyone, it is time to take a step back and reflect. The more you share, the more scammers can learn and steal from you. Pull back your 'social' by no longer offering personal information about yourself, your locations, etc. Remove your full name, city of residence, birth date, and employer from your bio.

Continued

Password Manager
Using the "auto-fill" option on your phone or computer can be dangerous. Thieves can easily locate your stored passwords and gain access to multiple sites to steal your identity. Malware and hackers are on the lookout for easily fill-in passwords. The best password managers are fee-based or can be utilized by purchasing a subscription. These options will prevent hackers from being able to access your passwords.

The best choice for identity theft prevention is to purchased identity theft protection services. They are subscription-based and will notify you of any suspicious activity on your accounts. They also help resolve identity theft occurrences and provide insurance of up to $1 million if your identity is compromised by a hacker.

Rising Interest Rates Affecting Real Estate Investments

Gone are the days of walking up to a home you love and making an offer—and winning the bid. Nowadays, bidding wars, all-cash offers, and waiving inspections have taken over.
With low supply and high demand, the real estate market continues to be hot. But will the housing bubble burst in 2022? Experts believe so.
How Raising Interest Rates Impact Real Estate
The Fed has revealed they plan to hike the interest rate multiple times this year after an all-time low. Rising rates have the ability to:

- Affect the stock values
- Erode the principal of bonds
- Influence interest payments on debt
- Effect other financial assets

However, real estate tends to do well, even with rising interest rates. Incoming-generating property—or investment homes—tend to fair well throughout interest rate hikes. They possess a greater ability to increase net income during expansionary times versus other financial assets.

A Look at Current Inflation Rates
At the end of 2021, inflation rates had increased more than 6.8% than the previous year. This is the biggest year-over-year increase since 1982. Prices keep hiking over the last 6-month period in addition to fuel and food prices.

Consecutively, rent prices are on an upward trend as landlords need the extra funds to combat the aftermath of inflation. The upward trajectory of real estate home prices and interest rates continues in the U.S., an incline of 19.8% year over year.

Benefits of Interest Rate Hikes for Real Estate
There are multiple benefits for homeowners during interest rate hikes. The property will appreciate in value that keeps pace with the inflation rates. Lesser amounts of new construction real estate can also take place due to rising labor, property supply slumps, price increases of materials, and more.

As inflation rises, rent prices rise as well. Higher revenues are created in addition to occupancy rates skyrocketing as people look to lock down and stabilize their living situations. Being that mortgage payments on fixed-rate instruments do not alter over time, the payments will remain the same as the equity growth accelerates at a faster-than-usual rate. Therefore, inflation reduces the value of the money owed on the property in the future.

Advisors want homeowners to know that investors must be cautious as mortgage rates increase during inflationary periods. The demands of real estate will begin to decline as the cost of the debt begins to increase. This can cause a negative impact on asset prices.

Raising Rates--The true cost of inflation for consumers

Inflation continues to increase as rates continue to rise. Virtually every industry has been impacted including:

- Real estate
- Retail
- Food
- And more

The middle class now sits on the edge as rising rates do not seem to be stopping anytime soon. Overall inflation is now at a 40-year high of 7.5%. People are wondering if they soon will not be able to afford the necessities each week—such as groceries, gas, and their rent.

Even Economists are Alarmed

Economists are alarmed that as inflation shows no signs of slowing down, employees are demanding bigger raises. The raises are needed to keep up with the rising prices, yet employers are stuck between a rock and a hard place. Hourly rates are already up 5.7% than last year alone, the fastest wage growth in 15 years.

The Federal Reserve officials do not see a wage-price spiral as of yet—but it may be looming. The Fed also plans on hiking up the all-time low-interest rates multiple times this year alone.

Many economists continue to be nervous regarding policymakers falling behind the curve and halting inflation too quickly. This can lead us into another recession.

What About the Middle Class?

For employees who have not received a wage increase, trouble is on the horizon. Middle-class families continue to struggle as they are lesser able to afford the essentials they need for their families. Many middle-income families feel as if their pay was cut as more of their income goes to stocking their homes with food, keeping the house warm, and filling their cars with high-priced gas.

Lower-end workers feel the heaviest impact since the inflation occurred. Hospitality workers have notably felt the most impact. There seems to be no end in sight.

Heavy consumer spending, core capital goods orders highlight U.S. economic strength

U.S. consumer spending increased more than expected in January, offering the economy a strong boost at the start of the first quarter, but price pressures continued to mount, with annual inflation surging at rates last experienced four decades ago.

Growth prospects were further brightened by other data on Friday showing solid demand by businesses for equipment last month. The reports from the Commerce Department suggested underlying strength in the economy that could sustain the expansion as the Federal Reserve starts raising interest rates to quell inflation, and provide a shield against the fallout from Russia's invasion of Ukraine.

The first rate hike from the U.S. central bank is expected next month. Economists are anticipating as many as seven rate increases this year. Morgan Stanley boosted its first-quarter GDP growth estimate to a 5.4% annualized rate from a 3.8% pace. The economy grew at a 7.0% rate in the fourth quarter.

"The real economy appears to be in stronger health than we feared, suggesting that the Fed will push on with its planned rate hikes starting in March, although the Ukraine conflict makes a 50 basis points hike less likely," said Paul Ashworth, chief U.S. economist at Capital Economics in Toronto.

Consumer spending, which accounts for more than two-thirds of U.S. economic activity, surged 2.1% last month after falling 0.8% in December. Spending was driven by purchases of motor vehicles, nondurable goods like apparel and recreational goods as well as outlays on heating amid freezing temperatures across many parts of the country.

But a resurgence in COVID-19 infections, fueled by the Omicron variant, undercut spending at restaurants and bars as well as at hotels and motels. Spending on air travel also fell.

Economists polled by Reuters had forecast consumer spending rebounding 1.5%. The surge in spending was despite consumer sentiment as measured by the University of Michigan slumping to a more than decade low.

Consumer spending is being supported by massive savings and strong wage growth amid a tightening labor market. That is offsetting a reduction in government money to households, following the expiration of the Child Tax Credit payments.

Personal income was unchanged last month as a 0.5% increase in wages was offset by a decrease in government social benefits. Economists shrugged off the drop in the saving rate, which fell to 6.4%, the lowest since December 2013, from 8.2% in December.

"Households, in aggregate, still have about $2 trillion saved up from earlier in the pandemic, and some of the January drop in saving came from a reduction in Child Tax Credit payments," said Gus Faucher, chief economist at PNC Financial in Pittsburgh, Pennsylvania. "Households will adjust to the reduced tax credit and the saving rate will return to above 7%."

Stocks on Wall Street rose for a second day. The dollar fell against a basket of currencies. U.S. Treasury prices were lower.

Continued

Continued

INFLATION MARCHES HIGHER

The personal consumption expenditures (PCE) price index increased 0.6% in January after rising 0.5% in December.

In the 12 months through January, the PCE price index jumped 6.1%. That was the largest rise since February 1982 and followed a 5.8% year-on-year increase in December.

Excluding the volatile food and energy components, the PCE price index soared 0.5% after advancing 0.5% in December.

The so-called core PCE price index shot up 5.2% year-on-year in January, the biggest rise since April 1983. The core PCE price index increased 4.9% in the 12 months through December.

With inflation well above the Fed's 2% target, households' buying power is being reduced. Income at the disposal of households after accounting for inflation fell 0.5%.

Price pressures could continue to spiral because of the Russia-Ukraine conflict. Brent crude prices on Thursday soared above $100 per barrel for the first time since 2014, before retreating to below $97 a barrel at one point on Friday.

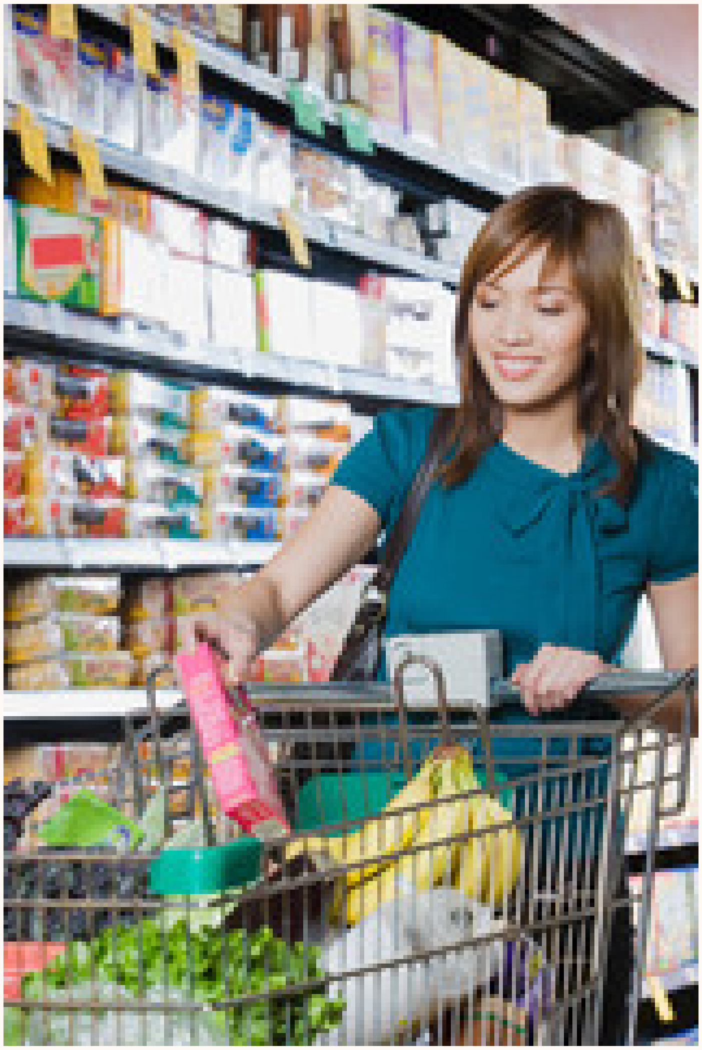
When adjusted for inflation, consumer spending rebounded 1.5% in January after declining 1.3% in December.

Some economists believe growth this quarter would be below a 2.0% rate because of the drag from inventories.

Inventory investment accounted for the bulk of GDP growth in the fourth quarter. The Atlanta Fed is estimating the economy growing at only a 0.6% pace this quarter.

Still, the outlook for growth remains encouraging.

"It would appear that capital spending is likely to make a solid contribution to first-quarter real GDP growth," said Conrad DeQuadros, senior economic advisor at Brean Capital in New York.



Activists Determined to Restore Consumer Rights

Raise your hand if something like this has happened to you:

You booked a hotel room and discovered when you checked in — or checked out — that the hotel added an undisclosed daily "resort fee" to your bill, for services you never would or did use.
You spent hours on the phone to resolve a billing dispute or complain about a damaged product, and finally gave up.

You were part of a class-action settlement over a defective product or crooked business scheme, only to discover that you were entitled to only a few bucks and had to file a form to receive even that much.

Your personal information was stolen by hackers from a business where you're a customer, or even a business you didn't have direct dealings with, exposing you to identity theft.

You bought a bag of potato chips or box of cereal and discovered that two-thirds of it was air.
You were so badly mistreated by a bank or retailer that you wanted to sue, but discovered in fine print that you can only go to arbitration.

And that's a short list of the myriad ways consumers are mistreated and abused by some businesses in the U.S., with virtually no legal recourse.

"People know that the civil justice system is broken," says Harvey Rosenfield. "In their daily pocketbook struggles they're completely vulnerable. Most Americans have no rights or remedies."

Rosenfield is one of our most effective consumer advocates. A former Nader's Raider, he's the founder of the advocacy group Consumer Watchdog and was the author of the California's landmark Proposition 103 of 1988.

That ballot measure rolled back auto, property and casualty insurance rates by 20%, created the position of an elected insurance commissioner, and gave the commissioner prior approval authority over those rates.

In collaboration with consumer advocate Laura Antonini, Rosenfield has just issued a comprehensive report on how consumer rights have shrunk over the last 50 years or so, mostly due to pressure on legislators from big corporations.

Continued

Continued

The report, titled "Reboot Required," chronicles the proliferation of legal limitations on corporate liability and corporate assaults on consumer courtroom rights, including access to class actions and the rise of forced arbitration.

As the report accurately observes, businesses' clout in Washington has only intensified since the notorious Citizens United decision by the Supreme Court in 2010 opened the floodgates to corporate political contributions.

Rosenfield and Antonini propose a model state consumer law, the Represent Act, which would roll back these trends.

What the report's readers will most readily recognize are its catalog of consumer ripoffs — some familiar, and some so novel that they may be invisible to most consumers.

In addition to those mentioned above, they include lying about list prices and overstating discounts; bogus claims that foods are "all-natural"; and automatic renewals of subscriptions services and obstacles to cancelations.

"These are actual issues that people deal with in everyday life," Rosenfield told me. Deteriorating customer service is a universally experienced burden.

"The one thing that's invaluable is your time," he says. "Corporations recognize that people don't have the time to engage in protracted battles with someone to resolve a billing dispute. It's so hard to rectify a problem that at the end of the day you have to capitulate. Corporations have transferred the cost in time and money from themselves to the consumer."

Also on the list are burdensome paperwork requirements for promised rebates; hidden charges on prepaid cards that drain their value over time; worthless product warranties; predatory bank fees on loans and accounts.

Airlines have developed a world-class expertise in hitting customers with fees for services that used to come bundled into the price of a ticket. In the U.S., fees for checked baggage are the biggest category — industrywide, those rose to **nearly $5.8 billion** in 2019 from $3.5 billion in 2014, a 65% increase. (They fell sharply in the pandemic-strained years 2020 and 2021.)

But travelers now routinely face charges for in-flight meals, for choosing seats before a flight, or for using the overhead luggage bin.

One deep discount carrier, Europe-based RyanAir, even contemplated **charging passengers to use the bathroom** in-flight, but dropped the plan after an uproar. You can be sure that if RyanAir was able to make the plan stick, it would have started to proliferate across the industry.

The authors are particularly concerned about what they call "surveillance scoring." This is the use of secret, computerized algorithms that make assumptions about consumers that can affect their ability to land jobs, make product returns or get a loan.

These actions and policies aren't only those of little fly-by-night operators that can't be trusted, but of major consumer brands with premium reputations. Occasionally they get caught in the act and have to make amends (almost always a minuscule proportion of revenues or profits).

Amazon, for instance, was fined $1.1 million by Canadian regulators in 2017 for inflating supposed customer savings by displaying inaccurate list prices, a practice exposed by Consumer Watchdog. In the U.S., customers sued, but Amazon was able to force them into arbitration and the lawsuits were dismissed.

The act's provisions might not cover the full spectrum of business-consumer relationships; the inventiveness of American businesses in their quest to keep the upper hand has been almost limitless.

But it's a start, and would put teeth into that old slogan, so frequently disregarded, that "the customer is always right."

Welcome one of our credit union partners!

As a nonprofit consumer education organization, ACC has developed partnerships with credit unions across the country. These partnerships allow ACC members eligibility with our credit unions. If approved, our members gain access to a member-owned financial institution, with products and services designed to make banking more affordable, simple and convenient, and to offer additional resources that can help our members identify and achieve their financial dreams.

B9301 S WESTERN AVE.,
OKLAHOMA CITY, OK
73139-2767
(405) 682-1990
+++

TrueSky Credit Union

We were founded in Oklahoma City in 1946 by the FAA, and as we grow, we're committed to our local OKC roots.
To join, you're eligible for membership if you're an:

- Employee of one of True Sky's business partners
- Immediate family member of a True Sky member
- Or join American Consumer Council (ACC)

We're not limited by being local. We have all the products and services you want from a full-service financial institution.

- Auto and Home Loans
- Programs to Rebuild Credit
- Mobile and Online Services
- Credit Cards
- Better Rates
- Lower Fees and Higher Returns

We're not limited by being local. We have all the products and services you want from a full-service financial institution.

- Auto and Home Loans
- Programs to Rebuild Credit
- Mobile and Online Services
- Credit Cards
- Better Rates
- Lower Fees and Higher Returns

Member Perks

Being a member really pays. Being a part of True Sky means you can take advantage of many benefits you won't see elsewhere.

- Complimentary Coin Redemption
- Free Year-Round Document Shredding
- Regular Member Appreciation Events
- Guest Wi-Fi at Branches
- QuikBoost Charging Stations in Lobbies
- Annual Interest Rebate/Bonus Dividend
- True Friends Discounts

Ready to Join?

Stop by one of our convenient branch locations to join or apply online today!

ACC Wrap Up

THE OFFICIAL MONTHLY NEWSLETTER OF THE AMERICAN CONSUMER COUNCIL

Green C Certifcation

If your company or organization would like to increase its credibility with consumers, you should consider applying for ACC's ***"Green C" Certification***.

Applications for the ***Spring*** *cycle are now being accepted through* ***April 30***.

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

All applicants should review the criteria, then complete and submit their applications to ACC's Green Consumer Council for review, assessment and feedback. Program details and the Green C Certification criteria can be viewed online at bit.ly/3d45Con.

For more information, call 1-800-544-0414 or visit ACC's website here.

Friend of the Consumer

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.

Each year, ACC awards numerous "Friend of the Consumer" awards to deserving manufacturers, retailers, and other businesses that produce or sell products in the United States, and which meet or exceed federally mandated standards, and have "demonstrated a commitment to American consumers by providing products or services that foster consumer confidence and market acceptance."

To apply, complete the online application found here bit.ly/3w6jE1N and return it to ACC with the application fee.

Applicants will be notified within five 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 your submission.

Financial Education

ACC is honored to have a partnership with Kim Curtis — author, speaker, and CEO of The Wealth Legacy Institute in Denver, Colorado — who writes, produces and hosts our financial education video series.

This free video series is comprised of 26 videos designed to help consumers, including Millennials and Gen Y individuals, to better manage their finances, feel more confident about their financial dealings, and get access to financial services.

Past video topics include, "How to Have a Great Vacation on the Cheap," "How to Ask Your Boss for a Raise," "Essential Checklist When Getting Married," "Goals to Reach by Age 30," and others with advice about timeshares, paying off debt, identify theft, and more. *Check out the new videos for 2021!*

To peruse and view Kim's many resourceful videos, visit bit.ly/3snW661.

ACC
11251 Rancho Carmel Dr. #503016
San Diego, CA 92150-3016
(800) 544-0424