



YOUR FINANCIAL FUTURE

Your Guide to Life Planning

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Despite New Law, Keep an Eye on Your Credit Cards

The Credit CARD Act of 2009 is designed to protect consumers from unreasonable fees and interest rates. However, some diligence is required to ensure you won't be hit with any new charges as many issuers scramble to replace lost revenue.

Three Tips to Help Keep Identity Thieves Away

The more business we do and information we share online, the more identity theft becomes a growing threat to our financial security. This article highlights ways you can help protect your good name and credit.

How to Improve Your Credit Score

Your credit score is a number that lenders use to gauge how likely you are to repay debts on time. If you are about to apply for a credit card or loan, it's important to know what your score is and how lenders use it.



Despite New Law, Keep an Eye on Your Credit Cards

The final batch of regulations from the Credit CARD Act of 2009 went into effect in August 2010. These regulations are designed to protect consumers from unreasonable fees and interest rates. However, some diligence is required to ensure you won't be hit with any new charges as many issuers scramble to replace lost revenue.

The Act requires credit card issuers to inform you if they are increasing the annual percentage rate on your card at least 45 days in advance. It also requires issuers to reevaluate any rate increases every six months and places limits on the amount they can charge in penalties for late payments.

Many credit card companies have already raised interest rates in advance of the law taking effect. But in the scramble to replace lost revenue, expect more sneaky charges on the horizon. Here are a few that have already surfaced.

- **Goodbye Inactivity Fees, Hello Annual Fees** -- The new law makes it illegal for credit card companies to charge "inactivity fees" to consumers who don't use their cards very often. However, they can charge annual fees -- and many issuers are raising those rates and extending them to more customers, particularly those who don't use their cards very often.
- **Beware Reward Redemption Fees** -- Got points you'd like to exchange for cash or airline tickets? There could be a charge for that. Some companies are imposing administrative costs of up to \$50 to redeem rewards.
- **Pay Late? Lose Your Points** -- If you make a late payment, it could jeopardize the points or reward balance you've accrued.
- **Go Green ... or Pay** -- In an attempt to reduce printing and postage costs, some credit card issuers are charging their customers for paper statements. The fees range between \$1 and \$9 per month. Opting for electronic delivery can help save the environment and save you money.

The bottom line: While the new law has afforded some protections to consumers, it hasn't entirely eliminated the need for diligence. Review your statements each month to see if you have incurred any unexpected charges. Also be sure to read the fine print -- issuers have to disclose new fees and charges, but they don't always make them easy to find.

There are a number of Web sites and organizations that can help you compare credit card rates and find the best offers, including www.creditcards.com and www.bankrate.com. If you think your card issuer is taking you to the cleaners, you can always ask them to waive the fees or switch to a different provider.

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Three Tips to Help Keep Identity Thieves Away

The more business we do and information we share online, the more identity theft becomes a growing threat to our financial security. There are ways you can help protect your good name and credit. You've got to be vigilant and willing to put in a little effort on a regular basis. But as anyone who has ever been the victim of identity theft will tell you, it's worth it.

Here are some tips to help keep you and your family safe.

Tip 1: Monitor Your Accounts

This goes for everything you have financially -- credit cards, banks, brokerages, credit unions -- as well as email and social networking accounts. You should also monitor your phone bills (both cell and landline), as thieves can "piggyback" on your plans.

But above all, be sure to check your monthly financial statements carefully. If you notice something strange -- even if it is just for a small amount -- call the issuing financial institution immediately and report it.

Sometimes identity thieves test, or "phish," stolen account numbers by running a small charge or debit -- often of a dollar or less -- to make sure the account number is legitimate. Most accountholders don't notice the transaction or don't think it's worthwhile to alert their financial institution. That is, until a few weeks or months later when thieves wrack up big credit card purchases or drain a bank account. Bottom line: If you see something "fishy," no matter how small, report it right away.

Vigilance is the word for your email and social media accounts. The more information you share with the world -- say, by posting your birth date to your Facebook profile -- the easier you are making it for thieves to find that information. Check your privacy controls, and keep checking. Facebook for one is notorious for changing its policies with little or no notice. Also check the information your children are sharing online. They are less likely to be aware of privacy concerns and the consequences of sharing sensitive information.

Finally, you should Google yourself periodically to see what type of information about you or your family is publicly available. You may be in for a surprise.

Tip 2: Buy a Shredder -- and Use It

You don't have to shred every piece of mail you receive, but anything with account numbers or other personal data should be shredded. You should also be sure to shred certain pieces of junk mail -- especially those unsolicited pre-approved credit card offers that seem to show up in your mailbox on a weekly basis. An enterprising thief can rifle through your garbage and simply fill out the application in your name.

You can further reduce or even eliminate these nuisance offers by opting out of the lists aggregated by credit bureaus, who then sell your name to lenders. Go to www.optoutprescreen.com or call 888-567-8688 to get your name off these lists.

Tip 3: Check Your Credit Reports

The Fair Credit Reporting Act gives all American consumers the right to access their credit reports from the big three credit bureaus (Equifax, Experian, and TransUnion) for free once a year. Many unscrupulous firms will offer access to these reports for a fee or on a subscription basis. You shouldn't pay anything for this access. To get the reports, go directly to the source: www.annualcreditreport.com.

You can also place a security freeze that will prevent anyone from viewing your credit report who is not affiliated with a company that you already have a financial relationship with or certain government and exempt agencies. You have to visit each credit bureau individually to do so. Note: Security freezes are not free. Each agency charges a fee for this service, unless you are already the victim of an identity theft.

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The more information you share with the world -- say, by posting your birth date to your Facebook profile -- the easier you are making it for thieves to find that information.



How to Improve Your Credit Score

Your credit score is a number that lenders use to gauge how likely you are to repay debts on time. It is derived from information compiled in a credit report. The information includes your payment history (whether you have missed or been late with any payments for bills or loans), the amount you owe creditors compared with the amount of credit that is available to you, and the extent of your credit history (how long various accounts have been open).

Know Your Number

Before launching a campaign to raise your credit score, know what you are shooting for. Get a current copy of your credit report and review it for accuracy. All U.S. consumers are entitled to free annual credit reports from the major credit reporting agencies, which are Experian, Equifax, and TransUnion. You can request all three reports at www.AnnualCreditReport.com.

Unlike credit reports, your credit score is not free. You can purchase your score from one of the above-mentioned agencies or from www.myFICO.com. A typical credit score will range between 300 and 850 points. Although all lenders make decisions based on the particulars of the lending situation, generally speaking, the higher your score, the lower the perceived risk to the lender, and the more attractive the interest rate you will be offered.

Room for Improvement

A few tips for raising or maintaining a higher credit score include:

- **Paying your accounts on time and keeping your balances low.** Lenders are looking for a proven track record of making timely payments. Payment history determines about 35% of your credit score.
- **Being conservative in the amount of available credit you use at any given time.** About 30% of your score is determined by what the industry refers to as your "utilization ratio," which is the amount you owe in relation to the amount of credit available to you. If that percentage is more than 50%, your score will be lower.
- **Holding on to older, unused accounts.** The longer an account has been open and managed successfully, the higher your score will be.
- **Maintaining a diversified credit mix.** If you hold an auto loan, a home mortgage, and credit cards that are well managed, you will generally have a higher credit score than someone whose credit consists mainly of finance companies.

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