

New credit card laws; making dreams come true

Money Conference entertains, educates, and inspires part 2 of 2, by Anita Martin

How do you grow your money? What impact will the new credit card laws have on you and your family? What actions can young people and adults take today to make the most of their money in these tough economic times? The 9th annual Madison Money Conference, which took place August 15 at James Wright Middle School, tackled these issues and many more pertaining to building wealth. Asset Builders of America produced the conference, and for the ninth consecutive year, CBM Credit Education Foundation, Inc. served as the main supporter of the day-long event. Keynote speakers for the event included writer, actor, and producer Ronnie Warner, and President of MCO Construction and Services, Inc. Ann McNeill.

Credit cards and the new regulations Dan Sweeney with M&I Bank discusses the Credit Card Act of 2009 and the resulting new regulations slated to go into effect next February. If you're under 21 years of age, you have to have a parent or guardian sign for a new credit card unless you have a job and send in a pay stub showing you make a certain amount of money. "I don't necessarily think it's a good thing, because people need credit," he states. In fact, Sweeney, who calls credit "a beautiful thing" and emphasizes that it's great as long as it's not abused, thinks "getting a credit card at age 18 is important because you're building a positive credit (history.)" He discussed the minimum earnings an

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individual under age 21 will need in order to avoid having to have a co-signer for a new credit card. "No one knows what that (minimum) amount will be yet," says Sweeney, a certified educator in personal finance. So if you end up signing for your child or any other young person that's getting a credit card, if that young person goes on a wild spending spree, he explains, you're responsible and your credit score can end up quickly plummeting. "My advice for anybody is if you're co-signing, watch them (the person you're co-signing for) like a hawk," to ensure they're able to pay for what they purchase on credit. Your credit score might be the second most important number, he attests, next to your Social Security number.

As Community Education Representative for M&I, Sweeney travels throughout Wisconsin and speaks with folks about financial literacy. He told young people to get Kohl's credit card (or other similar department store card) or a gas charge card and then diligently pay it off right away each month to begin building a strong credit history.

When a workshop attendee asked Sweeney how much we should be saving from our take-home income, he responded that the general rule is 10 percent or more of your income should go into savings.

The problem with some credit card companies, he elaborates, is that they prey on people with bad credit. One option to high interest rate cards or insidious ones (like a credit card with a \$300 credit limit, which already has \$249 on it, because of the way in which it is set up) is to get a secured credit card which some lenders offer.

Dan Sweeney said, "The credit card industry is like the Wild Wild West right now. This act is supposed to tame it and help consumers." For example, currently, if you miss a Wal-Mart credit card payment, your T.J. Max credit card rate can go up. Sweeney suggested that if you're going to be 30 days or more late in payments, call and let the company know the situation in advance and ask them not to report your tardiness to the credit agencies.



Proactively communicating with your credit card company/companies is also a good idea if you're in the process of getting a divorce. Although they may not honor your request to have your name removed from a joint credit card, it's worth a try, Sweeney said to avoid being held responsible if your soon-to-be-ex starts racking up credit card bills. Overall, he recommends aiming to keep your credit card balances under 10 percent of your credit limit whenever possible and definitely under 33 percent of your limit to help increase your credit score.

Building or rebuilding your credit Sweeney explained the merits of what's called a Credit Builder Account, which is designed to help people build or rebuild their credit. You can borrow between \$1,000 and \$5,000, and you generally pay \$50 to \$100 a month to do this. Unlike traditional borrowing situation where you receive the total funds you're borrowing upfront, the bank holds the money in a CD (Certificate of Deposit), and provided you make your payments on time each month, at the end, "you get that chunk of money, plus interest." The benefits include the ability to demonstrate a credit history. Furthermore, people can raise their credit score 100 points by having a Credit Builder Account, he enthused.

Sweeney summarized some of the upcoming changes which will take place:

- Fees will be limited. No longer will fees be allowed for mail, phone, or electronic transfers.
- Over-the-limit charging on a credit card will not be allowed, unless you specifically tell the lender you want to go over your credit limit. (This avoids someone inadvertently going over their limit and being charged late fees.)
- Credit card companies will have to send their bill at least 21 days before the due date, and also post them online.
- Companies will have to disclose how long it will take to pay off this debt; essentially, how much is this going to cost (in total) if you just pay the minimum required payment every month on a particular purchase.

- Store gift cards will have to have a two-year (or more) shelf life.
- Companies will be fined heavily if they don't adhere to the above regulations and if they continue to disregard them, they eventually will be shut down.
- Expect to see some companies begin to phase in some of the above changes before February, so consumers as well as the employees doing the processing can get used to them.

Making your dreams come true



Ann

McNeill, the first Black female contractor in the state of Florida

Ann McNeill's success story begins three decades ago, and little did she know that by not ringing in the New Year, she'd be embarking on a new life. It was a life-changing New Year's Eve for Ann McNeill, and it all began when she decided to sit down and read a book instead of going out to celebrate with her husband and friends. McNeill recalls what it was like on December 31, 1979,

when she reached the page in the book, Think and Grow Rich; where author Napoleon Hill posed the reader the question of how much money he or she wanted. "In my mind, I said, '[I want to save] \$1,000 a year,'" she said. "[Then Hill asked me], 'What will I give in return for the money? When would I like to have the money by? [He said] write a detailed action plan of how you're going to achieve that goal.'"

These questions threw her for an unexpected loop, so much so that from 9 p.m. until 4 in the morning, she found herself stumped. First, she reviewed her current finances in an attempt to determine where she could come up with the \$1,000 a month. "I went from doing the math in my head ... I make this much, I spend this much," McNeill explained. "It can't be right!" Repeated attempts to calculate the figures yielded the same results, leading her to go through her cancelled checks to determine if indeed she was spending more money than she was making. After verifying it was so, McNeill realized she had been "borrowing from Peter to pay Paul" and concluded that the first thing she needed to do was get out of debt.

"I tell you this story because you must have a dream to have a dream come true," said McNeill, who reveals that today she owns four businesses. "I'm the first Black female contractor in the state of Florida." After acknowledging the audience applause, she clarified her intention, not to impress us but to impress upon us the importance of having dreams, goals, and plans of action.

"I'm doing exactly what I'm doing today that I wrote down 30 years ago," McNeill says. "Success is the realization of a worthwhile dream or goal. It is not the attaining of the goal. It is the journey."

Why start saving money early?



Lonnie

McNeill, owner of Speak 2 Share, Inc. McNeill talked about her dream-driven daughter, Lonnie McNeill. As a seven-year-old, Lonnie decided she would set goals, and soon she had accomplished two of her top three goals, to learn how to play golf and to learn how to play basketball. Her fourth goal was to have a lot of money, the seeds of which were planted before she was even a teenager; Lonnie attended her first investment club meeting when she was seven, bought her first stock at 9, and created her own financial advising business, Speak 2 Share, when she was 12. By the time she turned 18, she had already been funding a Roth IRA (individual retirement account) at the maximum annual amount allowed for a couple of years. "Without putting in another dime, not another penny, for the next 20 or 30 years, she's (Lonnie's) sitting on a couple of million dollars" for use when she retires later on down the road, she said. Entering her 4th year of college this fall, Lonnie has financed her education through scholarships and investments. She elaborates on myriad details of the roots of her mindful journey. Through reading *Think and Grow Rich* (a revised version of which is still in print), she learned that Andrew Carnegie had

commissioned Napoleon Hill to research the wealthiest people for 20 years, in an effort to figure out how the common person can accomplish things. Thus, they came upon the concept of the power of the Master Mind Group Hill describes as the Master Mind as "coordination of knowledge and effort, in a spirit of harmony, between two or more people," with the intention of attaining a definite purpose emerged.

McNeill and a few of her friends formulated their own Master Mind Group which met every Saturday morning at 7 a.m. "The biggest challenge for me was the realization that I had no plan, none," she exclaims. She paraphrases Zig Ziglar, who points out that you're going to be dead a lot longer than you're going to be alive. "You are exactly where you're going to be in five years from now," McNeill contends, "except for two things: The books you read and the people you meet..."

In addition to Think and Grow Rich, one of several resources McNeill recommends is Kate Larsen's Progress, Not Perfection. McNeill educated herself regarding how to start and run a successful investment club and proceeded to form her own. She reports that 20 different investment clubs sprouted from that one investment club.

McNeill employs the MasterMind principles in her own life as an award-winning entrepreneur in the largely male-dominated construction industry. She also regularly speaks on work-life balance. "If you have a family, have a family plan," she advises. "Have a strategic family plan." McNeill is also president and founder of MasterMind Empowerment, Inc. and has been featured in Black Enterprise Magazine, USA Today, and on ABC's World News.

Leaving a legacy
McNeill encourages folks to set goals for six months from now, five years, 10 years, 20 years, and so on. She currently is working on her strategic life plan for 100 years, she said. It's critical, she said, to ask yourself, "What will I do

today to leave a legacy?" McNeill says she determined she needed "to create another business that would become a legacy, because people in my family might not want to go into construction." As owner of MCO Construction & Services, Inc., MCO Consulting, Constructively Speaking (an inspirational and motivational speaking business), and Colbert/Ball Tax Franchise, she cautions fellow business owners who plan to pass things on to their family members. The best thing business owners can do is to have met with a lawyer and established a trust, she says. Otherwise, for any item that has a title (like a car, a home, etc.), your kids have to "buy it out of probate, and they might not have the money, the cash." Explaining the probate process further, McNeill says the worst you can do when you die is to have a will, if you have titled assets.

"This is how I learned about investing, the hard way," she laments. Both her parents owned a home and property which had already been completely paid off when they died, so she assumed everything would be free and clear once the remaining year's property taxes were paid. McNeill was unaware that law mandated that the will be probated. The property ended up in probate for 12 years and was eventually sold to cover incurred legal fees. The stress of unwittingly losing the family property took its toll on McNeill, and one day while on the way to church, she had a heart attack but didn't know it. Ironically, she went home that day and turned the television on, and who should she see but today's internationally acclaimed financial guru Suze Orman (back then, 15 years ago, a relatively unknown) talking about the exact type of situation she had just experienced.

While losing the family homestead proved to be a heartbreaker for McNeill, it propelled her forward and empowered her to take action. She committed to learn more about finances and to share this imperative information with others. "...Because when you don't know that you don't know, you're still responsible."

She proceeds to address the parents and guardians in the room. "If you have a child, you have got to know what their dream is," she implores; have him/her write it down and develop a detailed action plan. It's paramount to sit down and go through your child's dreams and goals regularly with them, McNeill says. Addressing the young people, she adds, "That's how you really invest in yourself." In closing, McNeill declared, "This is the first day of the rest of your life ... You cannot say you did not know." Making sound money decisions today helps pave the way for a more positive future."



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