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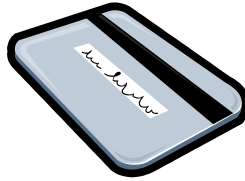
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Minimum Credit Card Payments Double

**0 balance can now be paid off in
15 years instead of 58!**

Submitted by Diane S. Orr

San Diego CA – Who can imagine paying on the same credit card debt for 58 years? Not me. That is how long a debtor would be paying on a credit card balance of \$10,000, at 18 percent interest, if they were only to make the minimum payment of just two percent of the outstanding balance, which was the old minimum payment schedule for way too many years.

It would take nearly 58 years to pay this off, assuming that the person stuck to the minimum payment each month, (according to Bankrate.com's credit card calculator, at BankRate.com). The total interest paid during this time would be about \$28,931. Now, the same person paying 4% of the outstanding balance each month would pay off the debt in a more reasonable 15 years and would pay much less in interest: \$5,916.

Minimum payments on credit cards have increased, some two years after the January 2003 guidelines were issued by the Federal Reserve, the Federal Deposit Insurance Corp., the Office of the Comptroller of the Currency and the Office of Thrift Supervision. Card issuers are supposed to adopt higher minimums by the end of 2005.

Still, “with a few exceptions, we expect the issuers to be in compliance by year’s end,” says Barbara Grunkemeyer of the Office of the Comptroller of the Currency, one of the agencies that issued the guidelines.

Regulators did not require minimum payments to rise by a fixed amount. The guidelines said payments should cover fees and finance charges, plus 1% of the principal. Until now, some minimums did not even cover the interest owed, therefore debt would just keep growing.

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The federal agencies said they were acting after years of seeing credit card issuers lower minimum payments because of “competitive pressures and a desire to preserve outstanding balances.” The agencies also expressed alarm that some banks are setting minimum credit card payments at levels that did not even cover interest. The result: The debt loads for some consumers surged.

Some cardholders could see their minimum payment double, to 4% of the balance from 2%. On a \$10,000 balance, the payment could jump to \$400 from \$200.

The changes affect the millions of credit card holders who do not pay their balances in full each month. A survey conducted by the American Bankers Association earlier in 2005 indicated that 43 percent of consumers carry balances each month. As energy prices soar, these unfortunate consumers will now have to pay double on their charge accounts.

When credit and charge cards first began to appear in the 1950's, the minimum payment was ten percent of the outstanding balance. Back then, cardholders had little difficulty paying off their credit card balances.

What happened? Over the years, as the availability and use of credit increased dramatically, banks and other credit card issuers, quietly began to lower their minimum payments for the credit cards they issued. This lowering of the minimum payments over the years kept cardholders in debt longer and caused them to pay more interest and also some new fees.

The big explosion in credit cards came in the 1990s when AT&T and General Motors, among numerous others, decided to get into the credit card business. Consumers were assaulted with numerous promotions and advertising all aimed at getting people, young and old alike, to acquire either their first or yet another charge card. It was not uncommon to have friends who carried as many as eight or ten different credit cards.

In the early part of 2003, the ICFE discovered and was the first to report on the so-called Universal Default clauses, which began to appear in new credit card offerings. Universal default simply means if a debtor is late making a payment to another creditor and it appears on the debtor's credit report, other card issuers and creditors who have included universal default into their credit card and other loan agreements, could also declare this particular debtor in default and access higher fees, raise the annual percentage rate to the higher rates, usually 29.99%.

As part of the universal default declaration, creditors may lower the credit limits and should the debtor be over the newer, lower credit limit, they will begin to receive over-limit notices and fees. This practice also occurs when a debtor makes a purchase, which may take them over their limit, the issuer approves the purchase and it results in the debtor being over their credit limit, and so therefore, it creates another over-limit notice and, of course, another fee.

The Comptroller of the Currency has not ruled that Universal Default is illegal, however they did warn banks and other credit card issuers under its regulatory powers who incorporate universal default into their credit card offers and agreements to properly notify consumers in writing and with a larger type size on the offers and agreements when discussing default and universal default.

In the short run, higher minimum credit card payments will put the squeeze on many households, no doubt causing more than a few to go into default status. The American Bankruptcy Institute expects more filings from low-income consumers who cannot handle higher credit card payments. Yet it may not be feasible for some to declare bankruptcy because of the stricter bankruptcy rules that have taken effect.

In the long run, however, it should enable more consumers who do carry credit card balances to pay them off quicker and therefore pay less interest and other fees.

About the ICFE:

The Institute of Consumer Financial Education (ICFE), founded in 1982 by the late Loren Dunton (creator of the “certified financial planner” (CFP) designation) and it is dedicated to helping consumers of all ages to improve their spending, increase savings and use credit more wisely. The ICFE trains and certifies Personal Finance Instructors for its own curriculum, The Money Instruction Book. It also has curriculums for ICFE Certified Credit Report Reviewers and ICFE Certified Identity Theft Risk Management Specialists.

The ICFE is an award winning, non-profit consumer education organization that has helped millions of people through its education programs and resources. The ICFE became an official partner with the Department of Defense/Financial Readiness Campaign in June of 2004. The ICFE staff is also active with San Diego Saves, an offshoot of America Saves, and the California Student Debt Resource Awareness Project (CASDRAP) StudentDebtHelp.org. Web site: www.ICFE.info or phone (691) 239-1401. Source: Paul Richard, Registered Financial Consultant, ICFE Executive Director

Put In The Big Rocks First!

Submitted by Chris Brown

In “First Things First,” Stephen Covey tells a story that one of his associates heard at a seminar. The seminar presenter pulled out a wide-mouth gallon jar and placed it next to a pile of fist-sized rocks. After filling the jar to the top with rocks, he asked, “*Is the jar full?*”

The group replied, “Yes.”



He then got some gravel from under the table and added it to the jar. The speaker jiggled the jar until the gravel filled the spaces between the rocks. Again, he asked, “*Is the jar full?*” This time, the group replied, “*Probably not.*”

The speaker then added some sand and asked, “*Is the jar full?*” “No!” shouted the group.

Finally, the speaker filled the jar to the brim with water and asked the group the point of this illustration. Someone replied that you could always fit more things into your life if “*you really work at it.*” “No,” countered the speaker. The point is, if you don’t put the big rocks first, “*...would you ever have gotten any of them in?*”

As you start the new year, think of the “big rocks” in your life as the things you can do to make this a healthier and happier year for yourself and others.

Some big rocks might be:

- Exercising more often;
- Eating additional calcium foods;
- Trying some new vegetables;
- Getting more sleep;
- Starting to lift weights;
- Spending added time with family and friends;
- Doing volunteer work in your community;
- Reading inspirational literature.

As you make decisions during the moments, days and months of the year ahead, ask: “*Is this a big rock?*”

Quickie Quiz

Which activity looks like a big rock to you?

1. Watching a rerun of a less-than-favorite TV show **OR** taking a walk with a friend or a family member.
2. Checking your e-mail every few minutes **OR** writing a letter of praise/thanks to a co-worker or friend.
3. Giving your thumb a workout with the TV remote control **OR** lifting some heavier weights to benefit your total body.
4. Spending your time “crawling the mall” **OR** enriching your cuisine by learning how to prepare a healthy vegetable.
5. Doing that “one more thing” on a night you are extremely tired **OR**

going to bed and getting a good night's sleep.

6. Screaming at other drivers when you are stuck in heavy traffic **OR** putting a symphony on the tape player and thinking, "life's too short to be uselessly angry."
7. Trying to follow a "if it tastes good, spit it out" diet **OR** going on a treasure hunt for recipes for lower fat and calorie treats.

As you make choices this year, say "yes" to your "big rocks" first. Don't feel you need to explain each "no" when the smaller gravel and sand try to fill your time. "No" can be a complete sentence!

Source: COOK IT QUICK!, University of Nebraska Cooperative Extension
 Lancaster.unl.edu/food/ciq.htm

Coming Soon To A Nutrition Facts Label Near You: Trans Fats

By Katherine Streeter, R.D.

Starting January 1st, the Nutrition Facts label you find on many food packages will contain a new piece of information: the amount of *trans* fat contained per serving of that food. Some food companies have been providing this information voluntarily, but it is now required. Why is this important to you as a consumer? What are *trans* fats, and what impact do they have on your health?

This label rule was put into place to provide the public with more information about the different types of fats contained in foods. *Trans* fats are ones that are not needed in the diet, and people will want to minimize their intake of these "bad" fats. These fats increase heart disease risk by stimulating cholesterol production by the liver. Worse, they reduce the "good" cholesterol, known as HDL cholesterol.

In these ways, *trans* fats are similar to saturated fat. In fact, the food label treats *trans* and saturated fats as the same when calculating the percent daily value. The percent daily value shows how much of a

Nutrition Facts			
Serving Size 1 cup (228g)			
Servings Per Container 2			
Amount Per Serving			
Calories 260		Calories from Fat 120	
		% Daily Value*	
Total Fat 13g			20%
Saturated Fat 5g			25%
<i>Trans</i> Fat 2g			
Cholesterol 30mg			10%
Sodium 660mg			28%
Total Carbohydrate 31g			10%
Dietary Fiber 0g			0%
Sugars 5g			
Protein 5g			
Vitamin A 4%	•	Vitamin C 2%	
Calcium 15%	•	Iron 4%	
* Percent Daily Values are based on a 2,000 calorie diet. Your Daily Values may be higher or lower depending on your calorie needs:			
	Calories:	2,000	2,500
Total Fat	Less than	65g	80g
Sat Fat	Less than	20g	25g
Cholesterol	Less than	300mg	300mg
Sodium	Less than	2,400mg	2,400mg
Total Carbohydrate		300g	375g
Dietary Fiber		25g	30g
Calories per gram:			
Fat 9	*	Carbohydrate 4	*

certain substance (like fat, sodium, fiber, vitamin C, and so on) a serving of the food contains, as compared to what a "typical" person needs – or needs to limit himself to – in a day.

In the example here, the amount of saturated and *trans* fats put together are about 25% of the recommended maximum amount that a typical person should eat in a day. Your total intake for the day should be limited – it should not exceed 100% – ideally, it would be less!

You can use the food package to find other information about *trans* fats. Look at the list of ingredients. While some *trans* fats occur naturally in foods, most come from processed foods in a process called hydrogenation. Look for the words “partially hydrogenated” or “hydrogenated” oils or fats in the list of ingredients. Be sure to check the labels of snack foods, such as cookies, crackers, cakes, and fried foods.

Be Heart Smart: Try Barley To Reduce Heart Disease Risk

By Katherine Streeter, R.D.

February is American Heart Month, where we can take a moment to reflect on our own heart health and find out about ways to protect our cardiovascular system. There are many ways you can work to improve your heart health (check out <http://www.americanheart.org/> for ideas). However, here’s a heart-healthy food that perhaps you haven’t thought about: Barley! Recently, barley was named a food that is helpful in reducing cholesterol.

Barley is an inexpensive and versatile grain that is easy to prepare. It can be found in various forms, all of which provide the fiber and vitamins that offer good nutrition. The most common varieties are pearl barley (almost always available in your grocery store), and barley flour, barley flakes, and barley grits (more often found in natural food stores).

Try barley today! It’s great for salads and soups, and can easily round out an entrée or be used as part of a meatless meal. Here is an easy, low-fat, high-fiber, barley recipe, found on the National Barley Foods Council website (<http://www.barleyfoods.org/recipes.html>):

Barley, Bean and Corn Salad

2 cups cooked pearl barley, cooked using package directions
1 can (15 ounces) kidney beans, drained

1 cup cooked fresh corn kernels
1 large red bell pepper, seeded and finely chopped
½ cup sliced celery
¼ cup sliced green onion
1 clove garlic, finely chopped
¼ cup lemon or lime juice
2 tablespoons olive oil
Salt and pepper, to taste
Fresh cilantro or parsley sprigs, for garnish

Mix barley with remaining ingredients, except garnish, in a large bowl. Cover and chill several hours or overnight to allow flavors to blend. Garnish with cilantro or parsley sprigs, if desired, and serve. Makes about six ½ cup servings.
Per serving: calories 153, protein 5g, fat 4g, carbohydrates 26g, cholesterol 0, fiber 7g, sodium 191mg.

Tips For A Healthier New Year

Submitted by Kathy Bowers

- **Prevent violence by setting good examples.** Hitting, slapping and spanking teach children that it is acceptable to hit other people to solve problems. Non-physical forms of discipline work better in the long run.
- **Provide your child with a tobacco-free environment.** Indoor air pollution from tobacco increases ear infections, chest infections, and even Sudden Infant Death Syndrome. If you smoke, consider quitting. Remember, the most important predictor of whether your children will grow up to be smokers is whether you smoke. Make your home a smoke-free-zone.
- **Read to your children every day.** Reading to children shows them the importance of communication and motivates them to become better readers. It also provides a context to discuss issues and learn what is on your child’s mind.
- **Monitor your children’s “media”.** Monitor what your children see and hear on television, in movies, and in music. Children are affected by what they see and hear, particularly in these

times of violent images. Talk to your children about content. If you feel that a movie or TV program is inappropriate, redirect your child to more suitable programming.

- **Pay attention to nutrition.** Nutrition makes a big difference in how kids grow, develop and learn. Good nutrition is a matter of balance. Provide foods from several food groups at each meal.