The Credit Professional

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Contents

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Organization News

Social Media 101

by Billie M. Plasker, PCS

One of the biggest and most dramatic changes that most baby boomers have seen in their lifetime is the way they communicate with each other.

Nearly everyone will remember a time when waiting for the mailman to receive a letter or card from a grandparent or relative that lived in some other part of the country was routine, and to hear the "latest" news from them a week or two old was the norm.

Back then, business transactions completed by mail would often take days or even weeks for the exchange of papers. Sending photos through the mail meant first having them developed and extra prints made—again involving a week or two of delay even before they could be sent.

And for those photos, "cropping" meant using a scissors, while annotating or commenting on them meant writing on the back of the photos—both functions being much simpler and far quicker in today's digital imaging environment.

Who would ever have imagined when we were children, or even 20 years ago, that in our lifetime we would be able to have the equivalent of cards, letters and photos delivered to us almost instantly through Social Media systems and sites. We have since become so accustomed to receiving information immediately, and communicating interactively, that we now rarely use "snail mail" to communicate with family and friends.

For our generation, this revolution in communication is not unlike how our parents must have felt going from trains to planes and our grandparents from horses to automobiles.

Social Media sites are not only important tools for personal communication, but also are very important for businesses and associations to communicate with their customers and members. One can think of social media from a business standpoint as having your own direct broadcast system or, at least, your own publishing company.

While there are many different social media sites that can be used to accomplish an organization's goals, for this article I will just focus on three examples and the benefits that customers and members might find useful.

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I. Twitter

Overview: Twitter is a "microblogging" application that is more or less a combination of instant messaging and blogging.

Twitter has quickly established itself as a powerful tool for communicating news, market trends, questions and answers, links, and a whole lot more with numerous benefits for business and personal use.

Twitter is also often used as a "micro press release" tool by businesses and organizations, and the messages, known as "tweets," typically include links to additional material and/or the full text of the release and/or other related material published on an associated website.

Benefit: While it might take a new user a little while to become accustomed to communicating in this way, especially with the 140 character limit for each tweet, it will not take them long to see the benefit.

The basic premise of the application is that users receive a customizable profile page and can "tweet" short updates that essentially answer the questions "what are you doing?" or "what are you thinking?" or "what would you like the world to know about you today?"

These updates are then compiled on the profile of other users that are interested in what information the individual or organization is tweeting.

You attract followers who have similar mutual interests as you and they find you through your profile, which is searchable. These "followers" receive your updates and you are able to see their updates as well, should you choose to follow them. Followers also have the option of "re-tweeting" information

they believe is important or of interest to their own "followers," thereby expanding the "circle of knowledge" on a subject you believe is important enough to have originally tweeted about.

People can tweet as often as they like, sharing information as simple as "headed to work" to more detailed and engaging tweets such as "cruise ship sinks off the coast of Italy…see [link]"

It may take a little time to get used to thinking in short "sound bites," but you will soon create your own network for communicating and engaging with people and businesses about whatever you want to share.

Association Benefit: Twitter has already proven to be a beneficial asset to businesses by communicating with employees, contacting customers and alerting both current customers and prospective customers to their activities and to other information contained on their organization's website.

Associations use it to inform current members, prospective members, and non-members of upcoming events such as conferences, webinars, publications, announcements, and any other current information regarding the association that needs to be distributed in a timely manner.

One of the best uses of Twitter is that someone can be attending an event and sending out tweets about what is happening there within seconds of it actually occurring.

Twitter gives your association a higher level of visibility and the best part is that it is free.

Following is an example:

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The above image is an example of a real tweet:

1. ASPRS tweeted announcing a press release on January 20;
2. This tweet was re-tweeted by a follower to their list on the same day;
3. A "thank you" was tweeted to two media organizations which had already picked up and published the press release; so not only has the information been publicized but there is dialogue going on in this twitter account with followers;
4. Finally, there is a "Follow" button and instructions on how to follow tweets from this organization via text message.

The organization is using Twitter in this case to reinforce other messaging systems such as their website where all press releases are posted; Facebook posts (see next section); and standard press release mechanisms, including email, to a list of publications. Getting the message out is the primary goal—and Twitter is great for that purpose, at least for anyone following on Twitter.

II. Facebook

Overview: Facebook is a social networking site that allows users to connect and share information.

Michele Martin at the Bamboo Project Blog has a good description of Facebook: *"Facebook is an Internet site that allows users to post online profiles (including photos, information about themselves, etc.) and then connect to other users who share the same interests, experiences, etc. Founder Mark Zuckerberg threw up Facebook while he was a student at Harvard to provide an online avenue for students to find one another. It has since morphed into a social network for everyone."*

Facebook is built around groups and is made up of many networks, each based around a person, company, region, community, college, etc. Many nonprofit organizations already have accounts and are reaping the benefits for their organization and their cause.

One reason why it is so popular is because it's just very easy to use. Maintenance activities, such as adding friends, updating your profile, changing your status message—whatever you need to do to manage your account—take just minutes.

On the other hand, as Facebook has evolved there have been changes in functionality and especially security, so the account owner must stay informed of system changes and alert to those which might diminish their security.

Benefit: You can create a profile page on Facebook and immediately start communicating with family, friends, and—in the case of organizations—its members and potential members.

You are able to share photos and messages with people that you "friend" on Facebook. There are privacy settings that can be

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used to control who has access to selected material. If you want to send a personal message to someone, it is better to do that through a private message on the Facebook site, so that not everyone will be able to read that message on your Facebook "wall."

Facebook has become very popular for friends and family to communicate with each other and is especially good at connecting multiple generations and individuals located in far away places.

Association Benefit: With Facebook, an organization can start a group and post information on their "wall" that is of interest to that group or its constituencies. You are able to post information regarding an upcoming webinar or conference, just like you can do on Twitter, but you are not limited to 140 characters on Facebook. You can also post pictures on your wall for your members. Members receive the new information that you place on your wall automatically whenever they open their Facebook page. The important thing to remember when posting on Facebook is that it needs to be timely, so you need to keep all information up to date.

On Facebook, you are in control of what information is out there about your organization and who can see it. You can retain some privacy by blocking certain people from viewing your profile or by creating a limited profile to hide information you might not want to share with your contacts.

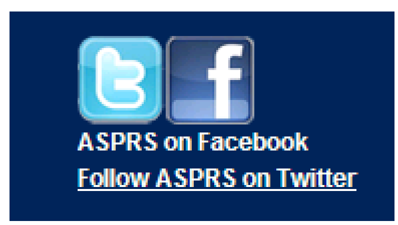
The image at the bottom of this page is an example of a real posting on the Facebook page.

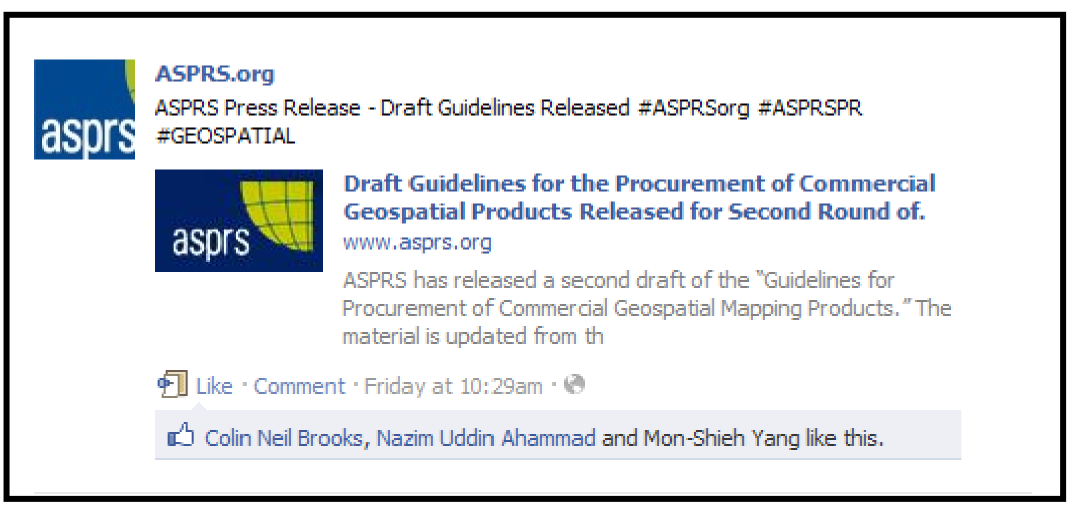
1. ASPRS posted the press release--the same one referenced in the 140 character tweet on their Twitter page;
2. They placed more information regarding the press release on Facebook, because on Facebook you are not limited to how many characters you can use;
3. Facebook includes the option to "Like" a post or to comment on the posted information;
4. They have four Facebook subscribers or followers who have read this posting in the first few hours and "liked" it; those individuals are listed under the Like box.

As with Twitter, this organization is using Facebook to reinforce other messaging systems for their press releases.

In addition, Facebook allows for simple, subject-specific, communications to occur through the Like button and through Facebook comments.

ASPRS also provides links to both Facebook and Twitter directly from their website. The logos for both tools are included on every web page (see example below in this column), along with links to both their Twitter and Facebook sites. This "inter-media" cross-linking is important to maximize exposure of important information to the organization's constituencies.





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II.Linkedin

Overview: LinkedIn is a social networking website geared towards companies and industry professionals looking to make new business contacts or keep in touch with previous co-workers, affiliates, and clients.

With LinkedIn, members can create customizable profiles that detail employment history, business accomplishments, and other professional accolades.

LinkedIn also works as a two-way classified ad or "CraigsList" platform, in that members can search for jobs and companies can search through profiles if they are interested in hiring new employees.

Benefit: One of the biggest benefits is finding past and present colleagues, business associates, and even classmates quickly. LinkedIn makes staying in touch simple.

In addition, members often discover inside connections when looking for a job or new business opportunity. Your network can be full of industry experts willing to share advice.

Your LinkedIn profile also allows you to connect with colleagues from former and current employers. You can request connections to members who are connected to your friends, broadening your network and helping to expand your professional opportunities.

Consultants and freelance workers also can readily showcase their work to an entire network, thereby increasing visibility and the chances for additional business opportunities.

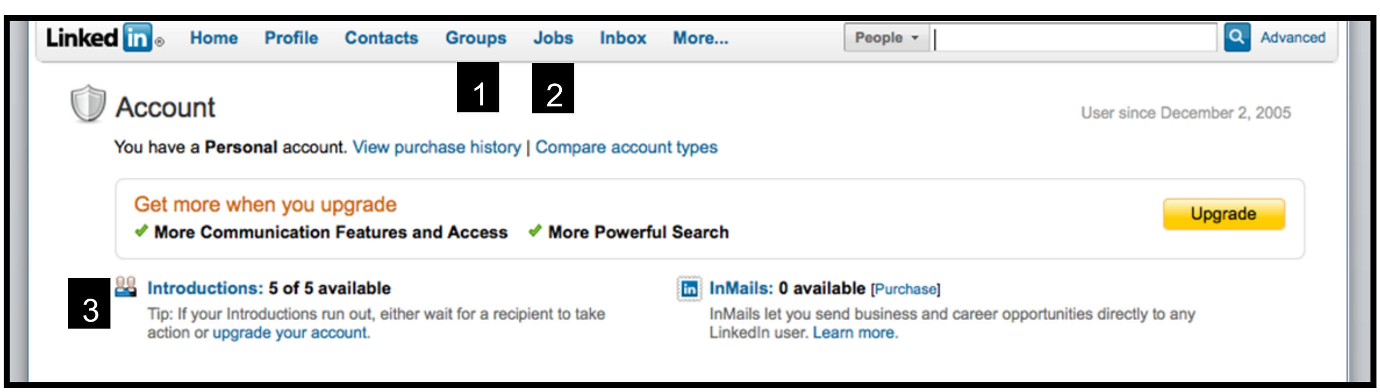
The image at the bottom of this page is an example of a Linkedin Account:

1. Groups: You can join LinkedIn Groups that meet your interests and business background in order to connect with many people who share the same interests. LinkedIn Groups can create connections and business opportunities with people with whom you may not ordinarily come into contact during your normal course of business. Joining groups that match your business background can also provide opportunities to learn new techniques, tips and tricks for your business or association. There are over 75,000 non-profit groups on LinkedIn, offering the opportunity to network with professionals in your industry and participate in conversations on relevant and timely topics.

2. Jobs: LinkedIn offers a job board for employers seeking freelancers or new employees. When you click the "Jobs" link in your LinkedIn profile, the results are automatically centered based on your background in your profile. Request work recommendations from former and current employers that show up on your LinkedIn profile, and prospective employers will see them when you reach out for job opportunities.

3. Introductions: Based on your profile and activity, introductions are offered to enhance and expand your networking opportunities.

Linkedin Today also displays the top articles shared on LinkedIn and Twitter by people



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within in your network. This is an incredible way to stay up to date on what's happening in the nonprofit space by following the nonprofit industry.

While I have described Twitter, Facebook and Linkedin in some detail, there is much more information available about these and other social media available—where else but online of course! There you will find other types of social media networks such as:

My Space: One of the original social networks, although its waning popularity has resulted in it turning its focus on to music, art and other entertainment.

Google+: A new social media network that was introduced in June 2011. Currently in limited field trials, Google+ integrates Google Buzz and Google profiles.

YouTube: A very popular video sharing Web site that lets anyone upload short videos for private or public viewing. Founded in 2005, it was acquired by Google in 2006. YouTube provides a venue for sharing videos among friends and family as well as a showcase for new and experienced videographers. Videos are streamed to users from the YouTube site **(www.youtube.com)** or via blogs and other websites. YouTube provides the necessary code that can be embedded in any Web site page to "publish" a specific video. Nonprofit organizations regularly take advantage of You Tube for the dissemination of short video material such as tutorials, awareness campaigns, etc.

Conclusion

This article is intended to provide only a brief summary of the types of social media that are available to businesses, associations and individuals.

As with nearly everything electronic today, much more information and many other examples and tutorials for use of these media are available on the internet.

Establishing and developing the initial content for most sites is relatively quick and painless; however, the primary question to be answered, especially by an organization, is how much time you are willing to devote to these sites to keep your information current and your "brand" positively portrayed in the public eye. When done right, they are powerful tools for outreach and extending the mission of the organization.

Billie M. Plasker, MPCE, currently serves as the Credit Manager for the American Society of Civil Engineers (ASCE) in Reston, VA. She began her career in the Credit Industry in 1977 with the Credit Bureau of Montana in Great Falls, MT, and later the Montana Credit Bureau in Great Falls. She held management/ supervisory positions for seventeen years. She moved to Oregon in 2000 and worked for Tum-A-Lum Lumber as Accounts Receivable Coordinator and held that position until moving to Reston, VA, and assuming her present employment with ASCE in 2005.

Billie is the Immediate Past President of Credit Professionals International (CPI), having been a CPI member since 1984. She has held all of the elected offices on the local, district and international levels and has chaired many of the committees at all levels. Billie also currently serves as CPI Nominating Committee Chairman.

21st Century Hunters: Cybertrackers

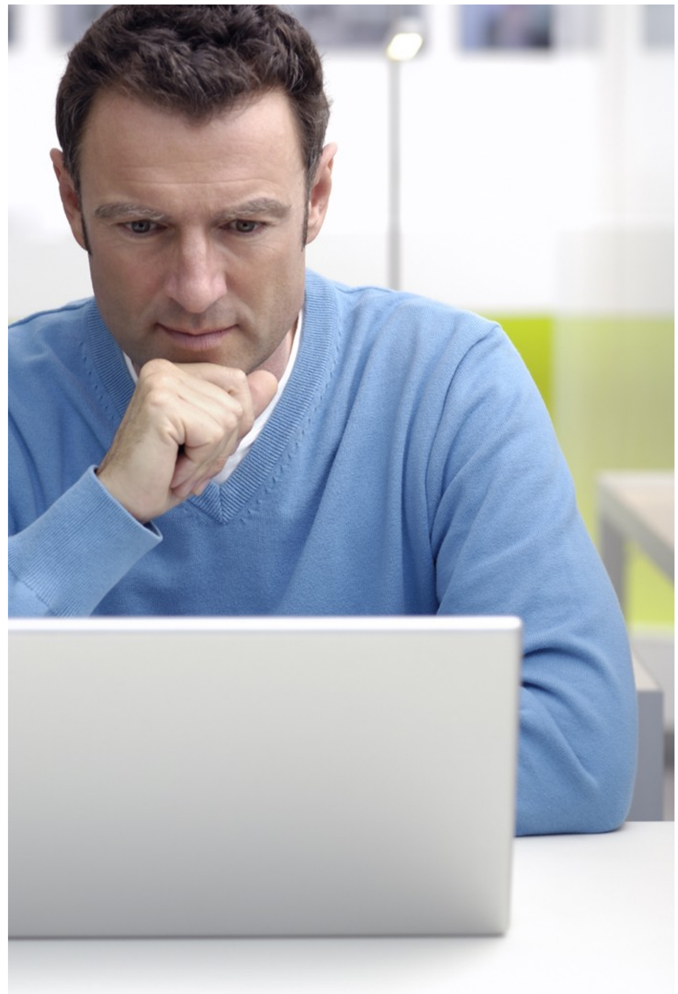
By Ron Brown

Our society is rapidly changing. We no longer read newspapers and magazines, we get the information as it occurs on the internet…we no longer send mail via the US Postal Service, we text and email… we communicate with our friends on social sites such as Myspace, Facebook and Twitter. The way people live their daily lives has changed drastically in the last ten years. In today's electronic and transient society we see the occurrence of people moving from residence to residence, from city to city and from state to state much more often than in years past.

The men and women known as "skiptracers", who at one time sat at their desks calling relatives, references and ex-employers, now possess a new tool to overcome the obstacles presented in locating people and assets. This new breed of tracer has an instant access to data and information on people and a new way to cope with "What do we do when mail returns?"

The face of skiptracing is changing. The new term in the tracing industry is "CYBERTRACKING" and this new breed of tracers is known as "CYBERTRACKERS".

Cybertrackers follow electronic trails rather than paper trails and are masters at locating people through internet data sites, public information sites and last but not least, social sites, as previously mentioned, such as Facebook, Myspace, Linkedin and Twitter.



The once accepted and standard tools and techniques of skiptracing have also changed and if today's professional tracers cannot change with the times they will find themselves mired and trapped in the tar pits as the dinosaurs found themselves eons ago.

A few of the primary traits that make "MAN" different from all other animals, fish and fowl is the ability to "REASON". Where other creatures run or hunt out of instinct, "MAN" has the ability to think and understand the "WHY"—why did the person leave, why did they change jobs and "WHERE" might they have gone? By knowing the "WHY and WHERE" the tracer then has the ability to countermove and catch up to or even get ahead of the person they are hunting. One other thing that sets "MAN" apart is the ability to combine all of the senses and utilize all of the abilities to assess the situation on each case they work and become the superlative professional "MANHUNTER".

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Our ability to trace each other has always paralleled our ability to communicate and never before has our ability to communicate been as advanced as it is today with smart phones, cell phones, computers, blackberries, fax machines and the internet. We also have the luxury of using men and women who have grown up using computers and understand their positive and negative attributes.

Accompanying this surge in access to personal data privacy is a growing concern about protecting this privacy. We can look forward to increased limitations on identifiers which have traditionally been used to track people such as date of birth, Social Security number, drivers license number, etc.

We have seen the introduction of new laws directed at the protection of consumer data such as the Fair Debt Collection Practices Act (FDCPA), Health Insurance Portability and Accountability Act (HIPPA), Fair Credit Reporting Act with its Fair and Accurate Credit Transaction Amendment (FCRA -FACTA), Gramm-Leach-Bliley Act (GLBA), Telephone Consumer Protection Act (TCPA) and finally the Telephone Records Privacy and Protection Act(TRPPA), which actually criminalizes violations and carries high fines and prison time.

All of these laws and more on the horizon are directed at protecting information on the consumers the tracer hunts.

So the question becomes, "In this age of cyberspace and transient lifestyles coupled with increasing privacy protection laws, just how will the professional tracer and Cybertracker track the errant consumers who have chosen the path of "runners"?

Let's try to answer this question by first taking a look at one of the tools used by "Professional Cybertrackers" plying their trade in an internet environment where a multitude of data is available but which is often of no consequence or help.

Where we once purchased or acquired hardbound telephone directories, a major tracing tool, to obtain the consumer's

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location, we now have instant access via the web to every phone book in the world—but is the telephone number as helpful a tool as it once was?

Before the advent of the "Cyber Society" one of the rudimentary tools of a skiptracer was the telephone. Times have changed drastically and the consumer's telephone may be of two types: landlines and cellular phones.

Each telephone is unique because of one thing. Each phone has its own individual number. The number of any telephone consists of three distinct parts, the area code, the prefix and the four digit number. Each one of these parts provides the tracer with possible puzzle parts—but you must remember, to the professional tracer, all is not what it appears to be.

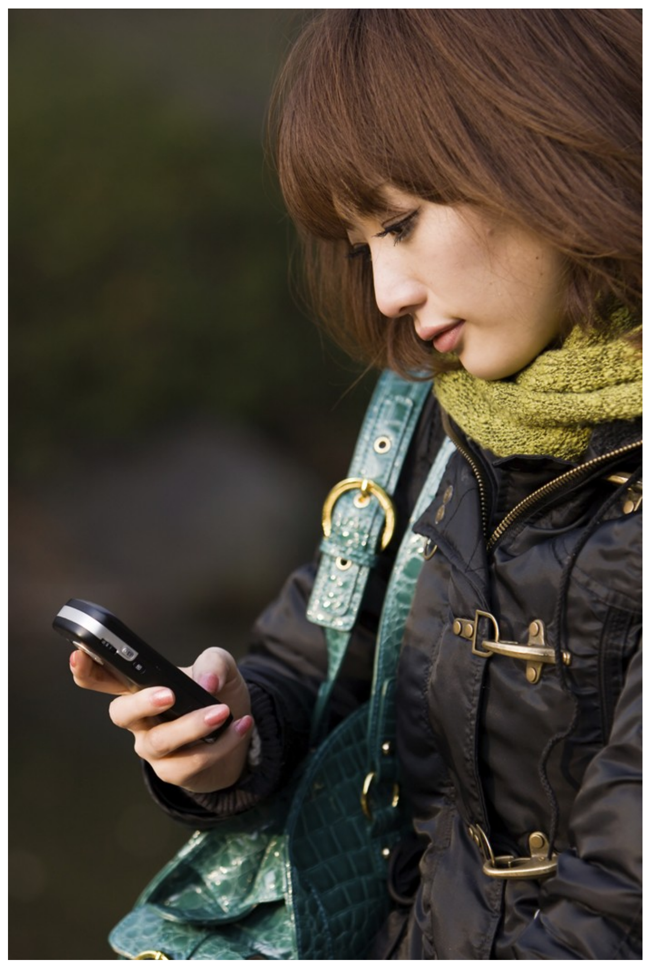
In the past, telephone numbers (landlines) were traditional sources of information for a tracer. They indicated where the consumer lived, area codes gave the state and city and prefixes gave the specific part of town where the person resided. This tool is virtually useless anymore, with the ability of a consumer to "PORT" a number.

In today's environment, landline numbers may be ported to a cell phone carrier and from one carrier to another, so a professional tracer is aware of the pitfalls involved when a landline number is provided. No longer can we be sure that the number actually corresponds to a physical address.

For additional information, a professional tracer now looks at the date of birth of the person they are hunting. Pre-Boomers (born before 1944) and Boomers (born between 1945 and 1964) tend to continue to keep and use landlines.

The XY Generation (born between 1965 and 1984) might have a landline but many have ported their numbers to cell phones and, if you are hunting a Cyberbaby (born between 1985 and 2005), the chances of them having a landline will be minimal. With this additional insight, the tracer has a better view of the overall picture and an increased chance of locating their "Skip".

Cellular numbers (cell phones) are like the grains of sand in the desert, millions of them constantly shifting and changing location. Not only going from one person to another but from one area of the country to another, creating what professional tracers recognize as the "Great Cell Phone Number Illusion". With a cell phone number the tracer can never be sure exactly where the consumer is located. The number then merely provides a contact point with no other verifiable information.



As you can see, where phone numbers were once a very valuable tool for a skiptracer, they now possess the ability to be very illusionary, often times pointing the inexperienced tracer in the totally wrong direction. I love to hear the phrase, "I know the consumer is in your city because his area code is 405". When I hear a comment like this, it lets me know I am dealing with a "SKIPGUESSER" not a trained professional "SKIPTRACER" or "CYBERTRACKER".

The "CYBERTRACKER" has some distinct advantages over the traditional "SKIPTRACER". To name a few:
the "CYBERTRACKER" is able to hunt data on the computer

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24/7/365. Since they are never speaking to anyone—merely looking at websites—their hours can be very flexible and the hunt can take place anywhere they can plug in their computer and gain internet access. And, last but not least, they do not have to be trained in all the laws regarding communicating information regarding a debt.

These "CYBERTRACKERS" do not even have to know who the client actually is, what the basis of the debt is (medical, retail, etc.) or how much money is owed, thus reducing the risk of any unintentional consumer law violation. They just have to have computer knowledge, the ability to think in a logical manner and the desire to succeed.

These 21st century hunters known in our industry as "CYBERTRACKERS" have traded the telephone for the laptop, hard copy phone books for net books and directories for web link sites. Today there are free data sites available with a wealth of information (www.blackbookonline.info , www.sagal.com/ajax/ , www.pimall/nais/SKIPTRACE.htm.)

A new industry has been created in which data brokers purchase data for resale and put together massive databanks which provide the tracer with a multitude of information, in one location, for a nominal fee, on the person they are hunting. (www.TLO.com., www.masterfiles.com , www.insightcollect.com). Today, consumers communicate not only by telephone but by the utilization of social websites where they share all types of personal information, photographs and information on their friends (www.manta.com , www.twitter.com , www.myspace.com , www.facebook.com , www.linkedin.com , www.plaxo.com)

Just visit these sites and see for yourself the abundance of data available on the internet.

There is now a social site for skiptracers and Cybertrackers which is free to join and where tracers meet to exchange information and ideas. If you wish to be a part of this group go to www.cybertrackers.ning.com and join the social network of professional trackers.

My entire life has been devoted to developing and honoring the skills of a Skiptracer and Cybertracker and it has been a great vocation, one of which I have enjoyed each and every day and one of which I have been able to see instant results.

Ernest Hemingway wrote, ***"There is nothing like the hunting of a man...and those who have hunted men and liked it have never cared for hunting anything else thereafter."*** This could be the credo for PROFESSIONAL SKIPTRACERS and CYBERTRACKERS for they truly do hunt the most elusive prey on the face of the earth, the only prey which has the ability to reason, MAN.

Ron L. Brown, MCE/IFCCE/CARS/CCCO, is the President and Chief Executive Officer of CSI Group in Oklahoma City, Oklahoma, one of the oldest and largest Asset Investigation and Recovery Agencies in the Central Plains area.

Ron, a state licensed private investigator and member of the National Association of Fraud Investigators, has over 35 years experience in the field of locating

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and recovering lost and missing people and assets and has assisted many law enforcement agencies including the U.S. Marshall's Service, U.S. Customs, Federal Bureau of Investigation and the Texas Rangers.

The subject of numerous published articles related to his unique methods of locating people and assets, he is internationally recognized as one of the leaders in the Tracing and Recovery Industry. Having received the prestigious "Instructor of the Year" award from ACA International in 2002, 2004 and 2009, he now spends much of his time traveling as an instructor for ACA International, the Council on Law Enforcement Education and Training and co-presenting the critically acclaimed "MANHUNT" and "CYBERTRACKER" Seminars.

Ron is recognized as one of the key instructors of the Fair Debt Collection Practices Act, Graham -Leach-Bliley Act and the Fair Credit Reporting Act and has written many published articles on these ever-changing federal laws. He is industry-recognized as an expert witness and has written opinions and given testimony regarding areas of "Breach of Peace" related to the asset recovery industry.

Having authored numerous articles and books on the subject of tracing and the utilization of neuro-linguistics in the psychology of motivation in the tracing and collection process, his latest endeavor has been to co-author the best seller, "MANHUNT: The Book".

Currently active in all divisions of CSI Group, he continues to personally handle investigations ranging from international and national recovery assignments to internal fraud and embezzlement and is well known in Debt Collection, Law Enforcement and Asset Recovery circles.

Ron may be contacted at Rbrown2150@aol.com and you are invited to visit him at the "MANHUNT" website, www.manhunt-seminars.com , the National Association of Fraud Investigators website, www.nafraud.com or at the "CSI", website, www.csi-arm.com

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The Basics of Managing Your Finances

By Christine Tessereau

If you are like most people, you recognize the need to manage your money so that it will last your lifetime yet you are uncertain about just how to do it. There are many options available—the 401(k), IRAs, stocks, bonds, mutual funds and more. What's the best way to go?

There is no one-size-fits-all "best way" to financial management. Much depends on your individual circumstances. If you have solid knowledge about the choices available to you, however, you will feel more confident in discussing options with a financial professional and making decisions that best meet your needs at the various stages of your life. So let's take a look at those options.

Understanding Traditional 401(k) Plans

401(k) plans have become one of the most popular ways for employees to save money for retirement. These plans are offered by employers and allow workers to set aside part of their salaries to save for retirement.

Offering a 401(k): Businesses, including sole proprietorships, partnerships, limited-liability corporations, and incorporated businesses, may offer 401(k) plans to all eligible employees. At a minimum, this includes everyone over the age of 21 who has been with the company at least one year and worked for at least 1,000 hours in that year. Companies are allowed to exclude unionized workers and any non-resident aliens who have no U.S. source of income. They may also make their plan less restrictive than the minimum required, based upon their own demographics and objectives.

Contribution Limits: Once a 401(k) plan is set up, the employer generally can make

income-tax-deductible contributions up to 25 percent of the total compensation of all eligible employees. Employees can elect to make contributions from their paycheck before paying federal income taxes or after-tax as a Designated Roth Contribution. And any investment earnings within the plan grow tax-deferred until the funds are withdrawn in retirement. **The maximum salary deferral that employees could contribute in 2011 was $16,500, with an additional $5,500 if they were age 50 or older.**

If employees make Designated Roth Contributions, they generally pay tax on those contributions when they are made, but don't owe tax on the money when it is withdrawn. Withdrawals are taken from the money that the employee contributed from his or her paycheck; that amount may be withdrawn from the plan free of the 10 percent penalty tax, depending on the withdrawal provisions in the plan.

Other Considerations: Employers do not have to contribute to the 401(k) plans that they offer but most do. Some choose to give all employees a flat amount of money, some contribute a percentage of the employee's compensation, and

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others match the employee's contribution. The employer contribution may vest over time, meaning that the employee may have to stay with the company for several years in order to receive the full amount. The employee's contribution is fully vested when it is made by the employer to the plan.

Some employers allow employees to take out loans against the funds in their 401(k) plans. Withdrawals are usually not allowed until the employee leaves the company. When that happens, the employee can roll the funds into an IRA without paying taxes. If the employee decides to keep the money, then income taxes on the contributions and earnings will generally have to be paid along with a 10 percent penalty tax, if the employee is under 59½.

Cashing Out Your 401(k): The Pros and the Cons

Hardship: Some plans will allow you to take out the money that you contributed in the event of a true hardship, such as high medical bills due to a serious illness in the family. These withdrawals will generally be subject to both income tax and a 10 percent tax penalty (for participants under age 59 1/2), so they need to be used as a last resort in a serious emergency.

Leaving Your Job: When you leave your job, you can take your 401(k) balance with you. That's a major benefit! If you roll over your 401(k) balance into an IRA or your new employer's retirement plan, your money will continue to grow for retirement.

That big lump sum that you receive when you leave your job may be tempting. You could just take the money and spend it on whatever you like instead of rolling it over.

That's not financially responsible, though, as you will generally have to pay income taxes on the funds withdrawn as well as a 10 percent penalty tax unless you are age 59½ or older. That makes the withdrawal very expensive. For example, if you are leaving your job to go back to school or to start a business and can find a student loan or a small business loan with a low interest rate, you may be better off borrowing the money. Then, you can keep your retirement fund safe for retirement.

Tax Considerations: You don't face the tax penalty for an early withdrawal if you take your 401(k) distribution after you turn age 59½. If you do not have a Roth 401(k), you will have to pay taxes on the amount withdrawn, and you will need to take required minimum distributions beginning at age 70½.

All About Traditional IRAs

The Individual Retirement Arrangement (IRA) was the first retirement savings plan offering tax breaks to individuals. It was created by law in 1974 and has allowed millions of people to prepare for retirement.

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Congress has since passed laws creating other versions of IRAs, so the original style is now known as a Traditional IRA.

With a Traditional IRA, you make contributions from income earned at your job or your spouse's job. The money can be used for such investments as annuities, bank CDs or mutual funds. For some people, those contributions are deductible from federal income taxes if they make the contribution before the tax filing deadline. That means contributions for any one year can be made between January 1 and the tax filing deadline of the following year. Money that the IRA account earns from interest, dividends, or capital gains is generally not taxed until the funds are withdrawn. Although deductible contributions and earnings are subject to federal income tax when withdrawn, many people find that they are in a lower tax bracket when they are retired than when they were working.

For 2011, an individual younger than age 50 can contribute up to $5,000 or 100 percent of earned income to a Traditional IRA, whichever is less. For those 50 and above, the maximum contribution goes up to $6,000. For a married couple, the maximum is $10,000—$5,000 for each of you—or 100 percent of combined earned income, whichever is less. Once one member of a couple turns 50, that person can contribute an extra $1,000 per year. It is important to note that no matter how many Traditional and/or Roth IRA accounts you have, you may only contribute a maximum of $5,000 ($6,000 if over 50) per person per year.

To be eligible to contribute to a Traditional IRA, you must be younger than age 70½, and either you or your spouse must have earned income. That part is simple. The eligibility rules for taking an IRA deduction are more complicated and depend on two factors: whether you or your spouse has a retirement plan at work, and what your total adjusted gross income is.

If neither you nor your spouse has a retirement plan at work, then you can take a federal income tax deduction for your Traditional IRA contribution no matter how high your adjusted gross income is. If one or the other of you has an employer retirement plan, you may still be able to take a deduction.

If you (and your spouse) participate in an employer sponsored retirement plan, your adjusted gross income level will determine how much of your contribution is tax deductible. The *Adjusted Gross Income Table* below should help you determine the deductible amount.

If you are married and you and your spouse file a joint income tax return, and you are not an active participant in an employer-sponsored retirement plan, but your spouse is, deductibility of your Traditional IRA contributions is dependent upon your combined adjusted gross income as described in the *Combined Adjusted Gross Income table* at the top of page 18.

These accounts were designed for retirement, so there is a 10 percent penalty tax charged if

Adjusted Gross Income Table

Your Tax Filing	Tax Year	Full Deduction	Partial Deduction	No Deduction
Single/Head Of	2011	Up To $56,000	$56,000 – $66,000	Above $66,000
Married Filing Jointly	2011	Up To $90,000	$90,000 – $110,000	Above $110,000
Married Filing Sep-	2011	N/A	$0 – $10,000	Above $10,000

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Combined Adjusted Gross Income Table

Tax Year	Full Deduction	Partial Deduction	No Deduction
2011	Up To $169,000	$169,000 - $179,000	Above $179,000

you take withdrawals before turning 59½ unless the withdrawal falls into a qualified exception. The list of exceptions includes but is not limited to withdrawals upon death, disability, or first-time home purchase ($10,000 lifetime limit).

After turning 59½, you can take out as much money as you like without a penalty tax. Beginning April 1 of the year after you turn 70½, you have to take out at least the amount of the Required Minimum Distribution, which is a percentage of the account based on average life expectancy. If you are 70, for example, your IRA distribution is based on the assumption that you have an average life expectancy of 27.4 more years, so you must take out 1/27.4 of your account, or 3.6 percent.

All About Roth IRAs

A Roth IRA allows you to accumulate earnings on a tax-deferred basis, and to withdraw earnings federal-income-tax-free for qualified distributions. Unlike a Traditional IRA, contributions to a Roth IRA are not deductible from your gross income on your federal income tax return. However, since you have already paid taxes on the money you've contributed to the account, contribution dollars can be withdrawn at any time without tax consequences.

You can contribute to a Roth IRA at any age as long as you have earned income. However, there are limits on how much income you can have.

The annual amount you can contribute to a Roth IRA is solely dependent on your adjusted gross income, as determined on your federal income tax return. The table below should help you determine whether or not you are eligible to contribute to a Roth IRA.

You can make annual contributions to a Roth IRA of up to $5,000 or 100% of your earned income, whichever is less. An aggregate of $10,000 can generally be contributed

Eligible Participation, Depending On Filing Status And Adjusted Gross Income

Your Tax Filing Status	Tax Year	Full Contribution	Partial Contribution	Not Eligible
Single/Head of Household	2011	Up to $107,000	$107,000 – $122,000	Above $122,000
Married Filing Jointly	2011	Up to $169,000	$169,000 – $179,000	Above
Married Filing Separately	2011	NA	$0 – $10,000	Above $10,000

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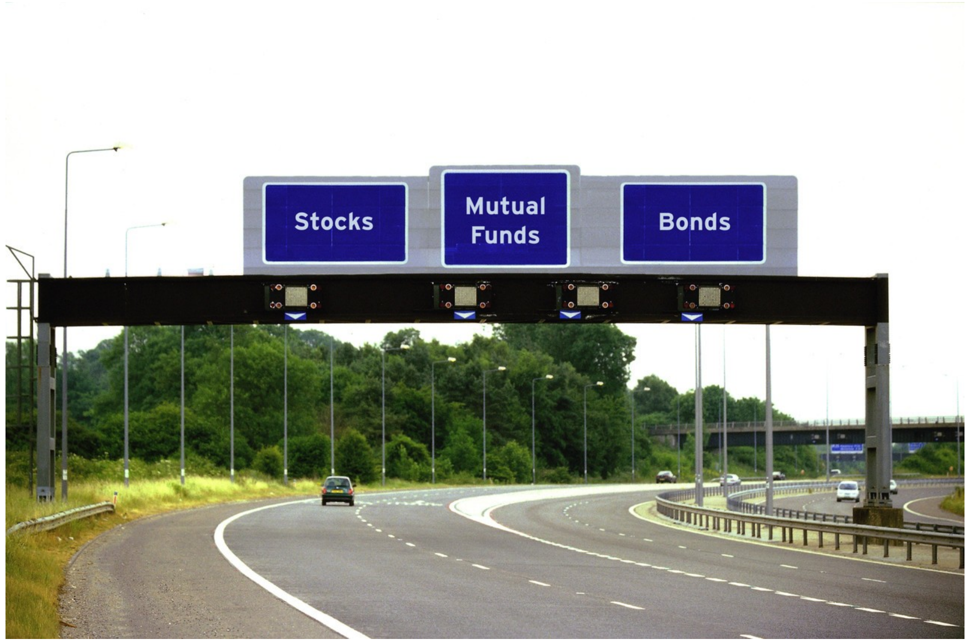

per married couple ($5,000 per person) provided that either you or your spouse has earned income of at least that amount. Contribution limits are set according to phase out ranges of your adjusted gross income—see table on bottom of page 18. The $5,000 and $10,000 annual contribution limits apply to the combination of all of your Traditional and Roth IRAs.

If you are age 50 or older, you may make an additional $1,000 "catch-up" contribution to your IRA.

You generally may also be able to convert money in an existing retirement account to a Roth IRA. You'll pay any taxes due at the time of conversion, but you won't have to pay any penalties.

The money that you put into your Roth IRA can be taken out at any time for any reason. The earnings on those contributions can only be taken out tax-free if this or another Roth IRA has been in existence for five years and the distribution is made for one of the following: after turning age 59½, after your death, if you become disabled, or to pay for a first home (up to $10,000). Other withdrawals are generally subject to tax and an additional 10 percent penalty tax.

Unlike a Traditional IRA, you don't have to take annual required minimum distributions (RMD) after you turn age 70½ from a Roth IRA. That's part of its flexibility. Some people prefer to keep the money in their Roth IRA accumulating until late in retirement, to pay for any needed long-term care. Others use it to pass on funds to their heirs.

Potential Benefits of Mutual Fund Investing

One way for many people to invest in the stock and bond markets is through mutual funds. These are pools of money from several investors who have a similar goal, such as capital appreciation or high current income. The money is invested by a professional manager into a group of securities, known as a portfolio.

Although they have risk and aren't for everyone, mutual funds are the choice of many people who have long-term investment goals. One key reason is that mutual funds use professional management. Many people lack the time or expertise to keep up with changes in the market. The portfolio manager has the knowledge to figure out what to buy and what to sell.

Mutual funds are also diversified. The combined assets of hundreds or thousands of investors allow the portfolio manager to buy a range of different securities that fit the investment objective of the fund. This can spread out the risk of the portfolio because different securities will perform better at different times. Diversification won't eliminate all risk, of course, but it may help.

To help you keep track of your investments, mutual fund companies provide regular reports on your investments. These will help you track your performance and make life a little easier at income-tax time, rather than having numerous separate securities to monitor.

There's another reason that mutual funds are popular with many investors: many funds have low minimum investment requirements. That makes them affordable to many different types of investors and allows you to make regular investments rather than a large lump-sum payment.

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Potential Benefits of Stock Funds

Stock funds tend to have higher risk and in turn offer the potential for a higher return; they fluctuate in price as the economy waxes and wanes. In the long run, investors may find themselves rewarded for putting up with the volatility. That's why mutual funds that invest in the stock market are often attractive to investors who are putting aside money for retirement and other long-term goals.

A share of stock is a partial share of ownership in a company. It generates a return for investors two ways. First, if the company grows and makes money, then the share price is likely to go up. The increase in share price is known as the capital gain. On top of that, many companies pay out a small amount of profits to shareholders each year. The payment is known as a dividend.

Some stock funds are managed to maximize dividend income, some to maximize the amount of capital gains, and some to get the best mix of both (known as total return). In general, more investment income could mean less risk. Likewise, some stock mutual funds invest in a broad mix of companies, while others may concentrate only on small companies, international companies, or companies in certain sectors, such as technology or energy.

All stock funds bear some level of market risk, but they may be a good choice for long-term investors who can tolerate the intermediate ups and downs on the way to their goals.

Potential Benefits of Bond Funds

Bond mutual funds offer opportunities for many investors to add a source of current income to their portfolio. They also tend to have less risk than a stock fund. This makes them a popular choice for conservative investors, people looking for immediate income, or people who are looking to add some diversification to a stock portfolio.

A bond is a type of loan. The borrower, usually the federal government, a state or municipal government, or a major corporation, sells the bond in exchange for cash. It agrees to pay interest on a regular basis, usually twice a year, and then repay the amount borrowed (also called the principal or the face value) when the bond matures. The amount of interest is typically set as a percentage of the face value and usually does not change. This is why bonds are often called fixed-income securities.

Regular income is the key advantage of owning bonds. Many retired people use those payments to help fund their lifestyle; people who don't want to spend the income now can reinvest the money in their accounts.

Bond Funds and Risk: As long as the bond issuer is in the financial position to repay the loan, the bond holder will receive the principal back when the loan matures. If an issuer can't pay back the loan, the bond owner will lose the principal. If the issuer goes bankrupt, though, the bonds will have to be repaid before the stockholders receive anything. That's the main reason that bonds have less risk than stocks.

It is also important to understand that the market value of the bond may fluctuate up or

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down until maturity because of changes in interest rates. An investor buying the bond in the open market cares about the going rates now, not what you received when you bought the bond. If rates go up, the bond's price will go down; if rates go down, the bond's price will go up.

Types of Bond Funds: Bond mutual funds usually invest in one sector of the market, such as U.S. government bonds or high-credit corporate bonds. Some are managed to pay a high income, others to maintain the principal value. Still others are managed to get the best possible combination of income and principal, known as total return. Someone looking for a regular income check might care more about the bond's ratio of income to principal, known as its yield. An investor looking for diversification benefits would probably care more about total return than about income.

Investors who are willing to take more risk than they would with a money market fund or a bank account, and who are interested in generating income, may want to consider bond funds. Although they fluctuate with interest rates and may lose value, they tend to serve as a more stable piece of a diversified portfolio.

In Conclusion

Having knowledge about the various investment options available to you is the first step in planning and managing your finances today to secure your financial future tomorrow. The next step is finding a qualified financial planner to help you make choices that are right for you.

Christine Tessereau graduated with a Bachelor of Arts degree from Southeast Missouri State University in 1986. Immediately upon graduation she began working for State Farm in the Claims department. Two years later she became an agent an, over the last 24 years, has demonstrated her care and concern for her clients by ensuring that they and their families are properly protected.

Christine's expertise and passion is retirement planning. Her success as an agent is illustrated by the many company honors she has earned over the years: Legion of Honor Qualifier, Golden Triangle Qualifier, Silver Scroll Qualifier, Ambassadors for Life, National Convention Qualifier, Life Honor Club Qualifier, and Chairman's Circle Qualifier. Christine is happily married to Phil Tessereau, also a State Farm agent, and they have two sons, Lucas and Jake, and one daughter, Andrea.

Download the pamphlet

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Managing Credit In Challenging Times

By Michael R. King, Esq.

In the last few years, your business has needed to learn how to do business strategically with insolvent or nearly insolvent customers. If you "cut off" every customer who failed to meet your credit policy underwriting standards of 2005, you made your Credit Department the "No Sales Department!" .No doubt, that endeared you to the Sales Department and Upper Management!

The reality is that many of your customers have business challenges of their own. Learning to work with them and to help them with their business challenges is key to both the success of your company and your customers. Many (but not all) of your customers with current problems will survive and thrive. You want to identify and help the survivors, because they will be good customers in the future. At the same time, you must minimize the risk of those customers who will not make it.

Back to Basics

So, when is the last time you reviewed your credit policies to make sure they matched current economic necessities and business strategy? If you have not consulted your Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and Sales Manager to align your credit policies with company strategy, you need to do so immediately! After bringing your credit policies current, you need to address your credit procedures. Do all of your credit and sales personnel know what to do to comply with the company's sales strategy and credit policies? If not, you need to dust off your credit policies and credit procedures to make sure they fit with your current business, your current customers, and proper credit-risk management!

Know Your Customers!

Do your policies and procedures ensure that the sales and delivery people are telling the credit staff what they know from direct contacts with customers? Are you making sure that the Credit Department is informed when the delivery person knows that the customer is suddenly severely understaffed? Is the Credit Department advised when the sales people notice maintenance or service problems with the customers' premises?

Have you checked the public record to see how your customers are doing? Are their business entities still in good standing with the Corporation Commission? Are their licenses current? Are there any new liens on the public record, especially tax liens? When is the last time you reviewed the credit profile?

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Moreover, have you checked to make sure that your own company's files and records are current? When is the last time you updated the credit applications and other key contracts with your customers? You know, the law has changed dramatically since 2000!

Review Your Contract Documents!

When was the last time you and legal counsel carefully reviewed your contract documents?

Is your credit application current? Does it comply with all applicable federal regulations as they now exist?

If you haven't done so already, now is a great time to review all of your legal documents, including:

1. the Credit Application;
2. your basic form of contract or agreement with your customer (if different than the Credit Application);
3. prime vendor agreements;
4. delivery tickets or receipts;
5. invoices;
6. billing statements;
7. guarantees (both corporate and personal);
8. security agreements;
9. UCC financing statements (UCC-1 forms) with particular attention to descriptions of collateral;
10. bonds or letters of credit; and
11. your other credit documents.

What do we do to protect the company from possibly insolvent clients prior to the filing of any bankruptcies?

If you have updated your credit policies and procedures and your credit documents, you should be in a position to predict or prevent customer defaults. Keep in mind that one of the best ways to shape the behavior of your customer is to decline to deliver more products or make additional sales.

If your customers need your products, they will work with you to help make sales on a basis that is mutually beneficial and secure. If the customers fail to measure up to your credit standards as set forth in your credit policies, then declining to sell protects the company from needless risk.

Even after a sale has been made, the Uniform Commercial Code allows a seller to refuse to deliver products when it "deems itself insecure" or believes it may not be paid for products delivered. Moreover, if you are concerned about payment by the customer, you can stop shipment of goods while in route. The Uniform Commercial Code also provides you with the right to reclaim goods after delivery if you follow the proper procedures.

If you have decided to continue doing business with the customer for strategic reasons, you should consider having the customer provide security for the credit advanced.

A purchase money security interest in the goods that are sold with the lien to attach to the proceeds of those goods is a wonderful thing! You can go as far as making sure that payments from your customers' customers go into control deposit accounts with your company's bank. You and your customer direct the bank to pay a certain amount of the receivables to your company. Essentially, think of this as a

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lock-box arrangement to make sure that your company is paid for the materials it supplies.

Other things can secure an account and make it credit-worthy, such as:

1. deeds of trust or mortgages on lands and buildings;
2. liens on vehicles (perfected by notations of liens on motor vehicle certificates with the Department of Motor Vehicles);
3. liens on equipment;
4. liens on inventory (consider purchase money security liens against inventory); and
5. liens against other assets.

But What About Customers That File for Bankruptcy

Both the Uniform Commercial Code and the Bankruptcy Code allow your company to reclaim goods that have been sold to an insolvent buyer on credit in certain situations. If you determine that your customer is insolvent, after delivering products, you should send a written demand to reclaim the goods. While you may not get the products back, you will have preserved an administrative priority claim in the bankruptcy proceedings.

After bankruptcy, you can stop delivering product. Your company cannot be compelled to extend new credit. If the bankrupt customer needs your products, there are ways to protect those post-petition sales. In fact, there may be ways to recover pre-petition unsecured claims.

While Critical Vendor status may be sought, other remedies may be more effective in the long-run. Critical Vendor status is not recognized by the Bankruptcy Code and is subject to being challenged later through the bankruptcy appellate process.

Consider administrative priority claims for sales that are made post-petition. In fact, sales made to the debtor during the 20 days prior to the bankruptcy petition are now entitled to administrative priority. You may wish to aggressively pursue this relief and establish a payment schedule for the deliveries made within 20 days before the filing of the bankruptcy.

If your company continues selling after the filing of the bankruptcy, you should consider requesting a super-priority or priority loan approved by the bankruptcy court under Section 364 of the Bankruptcy Code. You could seek a priority claim for post-petition advances of credit and also seek a priority lien for those post-petition advances.

In the right case, you could even seek a super-priority lien that would give your company lien rights ahead of existing liens. To obtain a super-priority lien position, the debtor needs to show that it tried to obtain the credit elsewhere, but was unable to do so on better terms. In addition, the debtor needs to show that the credit is needed to continue the business.

“Executory contracts” are a better strategy to collect pre– and post-petition claims than seeking critical vendor status!

“If you have an ongoing contract with the debtor to provide products on credit terms, you may have an “executory contract” that continues after the bankruptcy filing. An “executory contract” is an agreement that still requires performance by both sides. Thus, if you have an ongoing contract that requires your company to provide goods and requires your customer to pay for those goods, you may have an executory contract. A lease is a classic example of an executory contract, because

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the landlord has an ongoing duty to provide the premises and the tenant has an ongoing responsibility to make the rent payments.

If your contract can be deemed an "executory contract" under Section 365 of the Bankruptcy Code, you may be able to recover both your pre-petition unsecured claim and your post-petition claims!

Under Section 365 of the Bankruptcy Code, the debtor must make a choice. The debtor can "reject" an executory contract and, therefore, breach the contract. If the debtor rejects the contract, then an unsecured claim amount is set by the Bankruptcy Code.

If, on the other hand, the debtor needs to continue doing business with your company, the debtor can "assume" the executory contract. The debtor would "assume" your contract if it needs your products to continue its business. If the debtor needs to "assume" your contract in order to maintain the supply of products to continue its business, then you are in the driver's seat!
In order to "assume" an executory contract, the debtor must:

1. cure prior defaults; and
2. provide adequate assurance of future performance.

Assuming the contract requires that the debtor pay your company for the pre-petition unsecured claims. In other words, you now have taken a completely unsecured pre-petition claim and elevated that claim to an administrative priority claim that needs to be paid before or upon confirmation of any plan of reorganization!

In addition, in order to "assume" an executory contract, the debtor must provide adequate assurance of future performance. That means the debtor must show how it will pay you for any future products delivered. Adequate assurance can include such things as liens against receivables and liens against the debtors' bank accounts. Adequate assurance may also include bonds or specific accounts set aside for the benefit of your company.

Use your credit skills and the tools we have discussed to approve more sales and increase cash flow!
Many strategic choices can be made with regard to managing credit in challenging times. With thoughtful analysis, a credit manager can help the company do business strategically with insolvent or nearly insolvent customers. Once again, the Credit Department can save the day!

Michael R. King, Esq., is a founding partner of Gammage & Burnham, P.L.C., a Phoenix law firm with diverse areas of emphasis. His practice primarily centers around bankruptcy and creditors' rights and commercial litigation. He is a member of the Bankruptcy, Real Estate and Construction Law Sections of the State Bar of Arizona. He is the past Chairman of the Board of Trustees of the Maricopa County Bar Foundation. He is an active alumnus of the University of Arizona, where he received his B.A. and J.D. degrees. He is also a member of Credit Professionals International.

It Only Takes A Moment to Win (or Lose) Customers

By Charles Sujansky

The customer at the other end of the bank manager's phone line was irate. Very irate.

"I just can't believe the way your employee spoke with me over the phone" she said in an agitated voice. The manager of the bank branch, Janis Keller, knew she had to stay calm if she was going to resolve the problem.

Taking a deep breath, Keller replied evenly, "I'm really sorry we upset you, Mrs. Verdi. Please tell me what happened so I can help fix the problem." As the angry customer's story unfolded, Keller became more and more frustrated.

The customer had received a phone call that morning from the bank's loan office claiming that the woman's loan payment was past due and demanding an immediate payment. In fact, the customer <u>had</u> made the required payment on the precise date it was due. Once the loan office employee re-checked her records she discovered that the customer's payment had been erroneously posted to the wrong account. It was a simple mistake and easy enough to rectify.

But instead of correcting the mistake and apologizing for the confusion, the employee told the woman she should have written the correct account number in her check's memo line. The customer was left fuming and finally contacted Janis Keller to lodge her complaint.

After promising to look into it, Keller hung up and let out a long sigh. She'd joined the bank over 25 years previously as a teller and had worked her way up to branch manager. She knew the customer, a very sweet older lady named Mrs. Verdi, quite well. She also knew how hard the bank had worked over the years to get and keep customers like that. Now, with the banking industry more competitive than ever, it was getting hard to attract and keep new customers. Keller knew that the bank could ill afford to lose steady customers

In today's competitive business climate retaining customers is more critical than

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ever. Those organizations with a reputation for excellent customer service are the ones that tend to thrive in bad times. By the same token, those companies saddled with poor customer service are more likely to struggle or go under when the going gets rough.

It doesn't take a genius to recognize that customer service is, for most businesses, the key to maintaining a competitive edge. However, customer relationships can be extremely tentative. It may take years for an organization to build positive, productive and profitable relationships with customers, only to have one of those relationships destroyed in a mere moment. While it may not be impossible to win back an offended customer after a bad encounter, the chances are that customer could be lost forever!

But customer service isn't just a relationship issue—it's also a bottom line issue! Recent research shows that organizations with superior customer service tend to out-perform their competitors by up to 26% in gross margin and 85% in sales growth. In other words, the customers of top organizations buy more items, spend more money, return for new business more often, and stick around longer. Simply increasing an organization's customer retention by a mere 5% typically results in a profit swing of between 25 to 100%! [1]

But, as we all know, outstanding customer service is about much more than numbers. An organization's customer service mission is also the bond that brings together workers and management. When we talk about an organization's "brand" we are often talking about how delivering an outstanding customer experience comes to characterize the company's culture. Legendary customer service examples such as IBM, Ritz-Carlton, Apple, Nordstrom, Federal Express, and Zappos not only inspire their customers, they also inspire their employees! When customer-facing employees understand and are committed to their mission they deliver outstanding customer experiences. As author Peter Drucker wrote, "The single most important thing to remember about any enterprise is that there are no results *inside* its walls. The result of a business is a satisfied customer." [2]

But what exactly is an "outstanding customer experience?" Experience is simply an interaction between an organization and a customer. And every point at which a customer comes into contact with your organization is an opportunity for a "customer experience," whether that experience is good or bad. Each phone call, letter, email, Internet visit, or face-to-face interaction is a chance to either win or lose a customer.

When we say "it only takes a moment for a customer to be won or lost," we're really talking about three different types of moments. At it's best that interaction could be a "moment of magic," when that customer's expectations have been met—or exceeded—with pride, efficiency, and warmth. But all too often a customer's needs are instead met with a "moment of mediocrity," in the form of indifference, ignorance or carelessness. Even worse, that customer interaction could also prove to be a "moment of misery."

We've all heard nightmare stories about people trapped in "customer service hell" or frustrated callers being placed on "ignore." These moments of misery are dangerous to your organization's existing customer base. They also potentially threaten future business when these stories are retold with relish at backyard barbecues, or go "viral" after being posted to the Internet by angry customers.

Clearly many organizations have a vested interest in improving customer service. But it's not like customer service managers can wave a magic wand and go from "worst

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to first" overnight. Achieving the highest levels of customer service can be a daunting challenge. So what can you do to make sure your customers always have a moment of magic?

First, be sure to hire employees who have a natural propensity for customer service. Obviously indifferent workers or poor communicators would seem to make bad choices to fill a customer service position. But there is more to analyzing a prospective employee's customer service skill set than relying on their word for or it or trusting your gut feelings. One of the most effective means

of pinpointing your employee's customer service orientation is through assessment tools. Well-designed and validate instruments can paint a very clear picture of the skills and values each candidate brings to the job. Only by looking at each person's strengths and weaknesses can you make sure your customers will be dealing with a dedicated, customer-driven staff.

The Customer Service Profile assessment is a powerful tool that measures six behavioral characteristics that are crucial to quality customer service: trust, tact, empathy, conformity, focus, and flexibility. A careful assessment of these factors can help you select the best customer service candidates from your available pool. In addition, the assessment compares the candidates' customer service perspective with that of managements' perspective. Second, make sure your workforce is fully engaged. This too can be determined through a well-designed and validated assessment too. Research has shown that engaged employees are competent, motivated and loyal to the company mission. In the average company, 19% of workers (fewer than 1 in 5) are considered loyal employees who can be counted on to win customers over day in and day out with a spirit of enthusiasm. Loyal employees engage in dramatically different behavior from ordinary workers and produce dramatically different customer results, such as superior retention of customers and fewer complaints.

Engaged employees may even help avoid the erosion of profit margins. In an age when customers drop products and switch brand loyalty at the drop of a hat, many customers will gladly stick with a brand that offers superior customer service, even if the product is somewhat more expensive than competing products.

In addition, engaged employees maintain longer, closer relationships with customers, which also drives more referrals and lowers customer acquisition costs.

In the case of Janis Keller and her clearly disengaged loan office employee, the problem was more immediate. After speaking with the employee's immediate superior, Keller called the angry customer back to apologize once again. Keller had the employee take the assessment and her skill set was suited to a different position in the company so she was transitioned there. The bank also launched a program to reinforce the organization's mission and customer service standards.

The old expression goes "live by the sword, die by the sword." In

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the modern context of our competitive corporate climate we might modify that expression to read "live by customer service, die by customer service." For those organizations that ignore customer service or remain ignorant of their image among customers, the price of poor service may be too high to endure. It only takes a moment to win or lose a customer, so make sure that your employees are dedicated to creating moments of "magic" for your customers, and not moments of mediocrity or, even worse, moments of misery.

**** Not her real name; personal information has been changed to respect privacy.***

Notes

1. Profiles International (source)
2. *Peter Drucker on the Profession of Management* by Peter F. Drucker, published by Harvard Business School Press, July 2003.

Chuck Sujanksy is the CEO of KEYGroup®, an international training and consulting company. KEYGroup® consultants partner with business leaders to find unique solutions to unique people problems while providing a return on investment through assessments, executive coaching, leadership development, and training. For more information on how KEYGroup® can help your organization contact Kelly Hanna at Khanna@keygroupconsulting.com.

Employee Engagement

By Pam Manor

As I was putting information together for this article, I searched Wikipedia to find out what users had posted on the term "employee engagement." The first thing that popped up on the screen was:
Warning: this article needs attention from an expert on the subject.

The search for the holy-grail definition produced not a few but over 50 different definitions of engagement. Employee engagement can be as simple as "what people do at work."

The term "employee engagement" has been around for decades but, recently, interest has risen due to cutbacks and re-evaluation of existing ways to get the job done with fewer employees.

The Bottom Line

I remember an article written in 1986 by Henry Dornseif, who was an owner in the media business, entitled "THE BOTTOM LINE IS THIS: WHATEVER HAPPENED TO THE TOP LINE?"

He wrote that the top line is not just your revenues, or forecasts, or share in the market. The top line is also not your budgets, salaries and wages, product, nor your cash flow. None of these is an unrelated part of the whole, but each is far less important than the main ingredient—the people in your business. Companies place too much emphasis on the bottom line at the expense of the resources that got it there to begin with. Those resources are your people. I kept the article and I continue to manage people with that philosophy. Therefore, I believe I have been practicing employee engagement for a long time.

Hiring

The engagement process must start with the hiring process. Our company has a saying—do not hire crazy people. Now, that does not mean they are not hired occasionally, but the process we use for interviewing is extensive. We use the Targeted Selection process, which involves three managers, other than the hiring manager, who each conduct a one-hour interview with the candidate. We have a database with over 3,000 questions. We want to know how the candidate responds to specific situations, the task they were required to do, what action they took to perform the task and what was the result. We look for "STARS"—situations, tasks, actions, and results.

The hiring manager interviews for skills. The other interviewers are looking for results.

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Credit Education Resources FOUNDATION

Serving CPI members through:

Scholarships for continuing education

Grants to support local association consumer credit education programs

Funds to publish *The Credit Professional* magazine

Recognition of CPI members, via the Helen B. Sawyers HERO Award, for outstanding dedication and achievement to CPI, the credit industry, and consumer education

AND

Serving consumers through:

Sponsorship of credit education programs for consumers

Creation and distribution of *Take Charge of Your Life*, a credit education program created by CPI members for consumers

Financial support of the National Center for Missing & Exploited Children, including NetSmartz®, an Internet safety program.

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I do not want to hear how good you are, I need you to show me. Here is an example of questions for a job. Describe the biggest professional risk you have taken? What information did you consider before taking action? Why was it a good decision? In your field, it is important to stay current on changes in the industry? What actions have you taken to stay informed? What types of organizational systems have you put in place to support a specific strategy? Describe the process? What was the result?

Surveys

According to a 2009 Gallup Employee Engagement Index, only 31 percent of workers are engaged in their jobs; 52 percent are not engaged; and 17 percent are actively disengaged.

Surveys are expensive and time consuming, so most companies do them every 3-4 years. Some typical items in a survey are:

- Commitment—measures loyalty and dedication;
- Culture—assesses leadership and accountability;
- Communications—identifies roadblocks to effective management; and
- Compensation—measures employee perception of pay and benefits and advancement opportunities.

Commitment

Engaged employees work with passion and feel a profound connection to their company. This includes the committed loyalists—who are very or extremely satisfied. They plan to stay with a company for two years or more. You want to increase this number because of the strong contribution they make to the morale, productivity and overall success of your organization. It also includes the Satisfied Opportunists who plan to leave your company within the next two years even though they are

satisfied with their jobs. These tend to be the people who are always on the lookout for new opportunities.

Non-engaged employees have essentially "checked out". They sleepwalk though their workdays. These are the change-seekers who are not satisfied working at your company but, on the upside, they plan to leave within the next two years.

Actively disengaged employees are not happy at work; furthermore, they are busy acting out their unhappiness. Every day, these workers undermine what engaged co-workers accomplish. These are the Dissatisfied Compromisers who are not satisfied working at your company but still plan to stay for the longer term.

Weed out the poor managers and slackers. Slackers are those who know they could be much more productive but make a conscious decision not to be. Our society, from school to workplace, rewards smarts rather than hard work. We reward for good grades with little effort, rather than teach the value of hard work. Typical workers waste about two hours a day at work, not counting their lunch, according to Salary.com. The biggest time-wasters: surfing the Internet for personal use and socializing—costing companies $759 billion a year nationwide.

The engaged employees plan to stay for what they give; the disengaged stay for what they get.

Culture

Confidence: Employees want to work with a company with a secure and promising future. When leaders talk about the future with confidence and optimism, they build pride and engagement.

Trust & Values: Employees have a strong desire to work for leaders who are willing to earn their trust. Building confidence in the future may be the best way for leaders to earn trust.

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Although, six in ten employees see themselves as being generally committed to their companies, almost the same proportion do not believe that their company is committed to them.

Future Vision: People have a very strong desire to work for a company with a future they can be proud of and participate in and a vision that they find PERSONALLY motivating. Leaders who build pride in the vision and future of the organization build engagement. Employees need to know": Where are we going? Why does it matter? How does it involve me?

Value & Recognition: Employees will stay with a company where they feel they are contributing and building something that they can take ownership of. They want to feel appreciated, respected and recognized for the time and effort they have put into their work.

Communications

Open and honest two-way communication is vital. For communication to work effectively, it is not enough to provide adequate information. Employees need to believe that their point of view has been heard and considered. Use a suggestion box if needed to allow employees to offer their input. Then respond at an all-employee meeting so they know you have followed through on their suggestion.

Employees will start to feel separated from your business if they are hearing about major company changes through the grapevine or reading about them in the newspaper, rather than getting it first-hand from their management team. Managers who listen and act on the issue contribute much stronger engagement.

COMPENSATION

Employees want to feel that they are being paid fairly but people do not go the extra mile because of base pay or health benefits or life insurance. They go the extra mile because of the leadership's interest in their well-being; development opportunities; or recognition. Think about the last time you got a raise—how long did that feeling last? One, maybe two, paychecks? It is not sustaining.

Employees who believe that their compensation is tied to their performance are more motivated and engaged. Although we all know salary increases are part of the budget process and that salary increases come out of an overall pool, the way a company distributes money indicates what management really wants, including sending a message to employees as to whether the company truly pays for performance. So when do companies bite the bullet and really award increases based on performance?

Employees who believe they have opportunities to grow and advance are more motivated and engaged. In 2010, a Harvard Business School professor asked 600 managers to rank workplace factors that they thought engaged employees. Recognition for good work topped the list. Progress came in dead last. This data was compared to a multi-year study tracking day-to-day activities, emotions and motivations of hundreds of workers in a variety of settings. The findings? Progress ranked No. 1.

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Managers who invest in the growth and development of their staff are high impact managers. They provide recognition and feedback regularly, offer opportunities to learn and grow, and foster a good work environment.

Results

To identify, measure and prioritize the issues that influence our company's overall employee engagement, we focus our efforts and resources on those areas that have the greatest impact on business results. Surveys mean nothing unless you act.

We want employees to believe that:

- I am proud to work for XYZ Company.
- I rarely think of looking for a new job with a different company.
- I would recommend XYZ as a great place to work.
- XYZ Company inspires me to do my best work.

In Summary

The process of engagement is a process. You have to create continuous learning, continuous improvement, continuous measurement and continuous action processes to maximize productivity.

1. Demonstrate to employees that the company cares about them, wants them to advance in their careers and will help them satisfy their need for personal growth.
2. "Walk the Talk" by not only communicating the corporate strategy but also by ensuring that it is applied consistently throughout. the organization. This includes making the rewards system consistent with strategic goals.
3. Weed out the poor managers because many employees leave their jobs because they are unhappy with their bosses. Remember the saying: people do not leave their jobs, they leave their managers.
4. Your entire workforce needs to be accountable for their piece of the "engagement equation" every day, although employees don't often see it as their responsibility.
   a. Individuals are responsible for: Ownership, clarity and action. Individuals need to know what they want—and what the business needs—and then take action to achieve both.
   b. Managers are responsible for: Coaching, relationships and dialogue. Managers must understand each individual's talents, interests and needs and then match those with the company's objectives—while at the same time creating personal, trusting relationships.
   c. Executives are responsible for: trust, communication and culture. Executives have to demonstrate consistency in words and actions; communicate a lot and with a lot of depth; and align all business practices and behaviors throughout the business to drive results and engagement.

Pam Manor has over 32 years experience in finance and human resources. Currently, she is director of human resources and accounting for WNEM-TV, a Meredith Corporation station in Saginaw, MI.

She has held similar positions a WILX-TV, Lansing MI; WPTA-TV, Ft. Wayne IN; and WDIV-TV, Detroit MI. She also was a financial analyst at Citizens Bank in Jackson, MI.

Pam has been a member of Credit Professionals International and CPI of Jackson, MI, for 38 years.

Consumer Driven Health Care: How Alternative Funding Arrangements Can Help

By Susan Denney

Health Insurance costs have been skyrocketing over the past decade and employers are faced with how to maintain their benefits packages, control costs and retain valued employees. Employees are trying to deal with the struggles in the economy, competition in the workforce and the rising cost of out-of-pocket costs for about everything—including their health care costs.

Consumer Driven Health Care or CDHC was introduced in the mid 1990's as an alternative funding arrangement. Members pay for routine health care expenses using a health insurance plan with higher deductibles. The purpose of the plan is to protect against the catastrophic medical claims.

The CDHC encourages the consumer to seek lower cost treatments for things like medications by choosing generics verses brand names.

This increased awareness resulted in increasing health care advocacy by the employee/patient, as they began exploring unnecessary procedures, tests and treatments because more of the bill was transferred to them.

Evaluation of consumer driven health care spurred the development of other alternative funding arrangements designed to assist both employer and employees to ease the burden of those out of pocket health care cost—an essential as costs continue to rise.

Three plans have become dramatically more visible:

- **HSA's** Health Care Savings Accounts;
- **HRA'**s Health Care Reimbursement Accounts,;
- **FSA's** Flexible Spending Accounts.

HSA's or Health Care Savings Accounts can only be put in place in conjunction with a qualified high deductible health plan (HDHP), where all services are subject to the deductible and coinsurance. The exception to this is preventive care. An account owned by the employee or member is then set up by a bank.

Contributions into this account are not subject to taxes and can be made either by the employee or the employer.

Funds from the account can be used for unreimbursed qualified medical expenses as defined by the IRS code 213(d).

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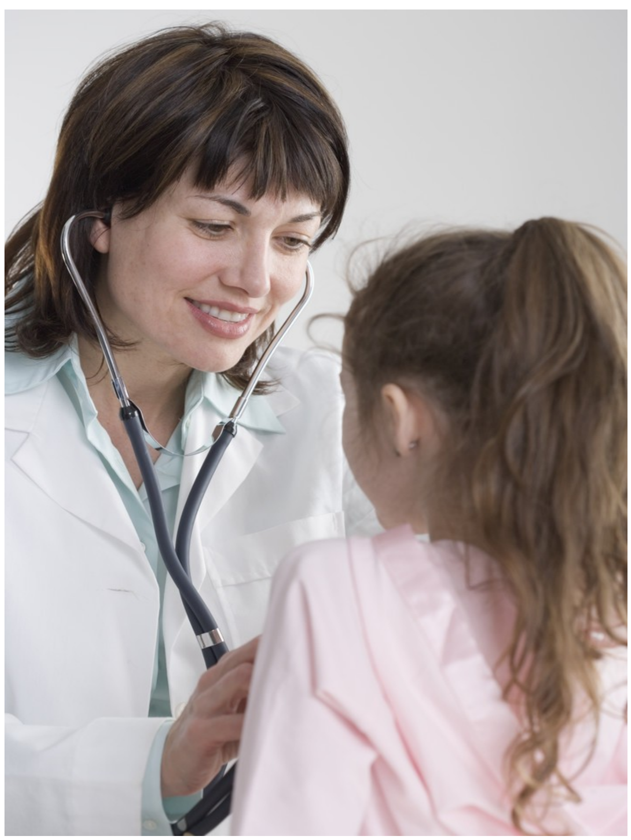
There are annual contribution maximums to the account that the IRS sets each year based on your enrollment in the HDHP as either an individual or a family. The health plan must also have a minimum deductible. Because these qualifications change each year, it is best to check with your plan administrator. If contributions from the account are used for non-qualified expenses, there are taxes and penalties assessed. The account funds can be rolled over each year and account funds can accumulate.

An individual is eligible for owning his/her own health insurance policy and own HSA. This product does not have to be made available on a group basis. An HRA and an FSA are group products.

HRA's or Health Reimbursement Accounts are plans that have greater flexibility. The plan design must be defined by the employer but there are not health plan requirements.

The employer can reimburse the member for claims, when they have occurred and been presented to the administrator. Covered expenses typically include deductibles and coinsurance.

The philosophy of this plan is to insure for a higher deductible plan and take the risk that there will not be claims.



The employer will then reimburse the employee for the deductibles if and only when the claims have occurred. The claims are reimbursable for medically necessary claims as subject to the IRS code 213 (d). Funds can be rolled over at the discretion of the employer. The plan details must be defined in a plan document.

FSA's or Flexible Spending Accounts—often called Cafeteria Plans are pursuant to IRS Code Section 125. These accounts allow employees to make certain pre-taxed deductions to purchase benefits or to put money into an account to pay for eligible medical expenses defined under the section 125 plan.

Only the employee can make the contributions to the account. The employer cannot contribute to the account.

There is an annual enrollment period during which the employee chooses the amount they will contribute. The money deposited must be used by the end of the year, or known as a "use it or lose it" concept. Funds cannot be rolled over to the next year.

The advantage for an employee who sets aside dollars into their HRA or FSA on a pre-tax basis is that they are not paying Federal income taxes, Social Security, or state taxes. This allows them to keep more of their money to spend on health care expense.

The advantage for an employer is that for any dollar that an employee contributes into a qualified pre-taxed plan; the employer does not pay FICA. It is a win-win for both employee and employer.

Many insurance carriers are partnering with agencies such as third party administrators to provide HSA's, HRA's or FSA's to provide seamless transitions between claims and reimbursements. There are many independent administrators that specialize in these services. It is imperative that an employer

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or individual who is interested in implementing any of these cost saving accounts choose a reliable administrator who will set up their plan documents and assist both the employer and the employees in following the IRS guidelines over time.

Because all of these plans allow for funds to be pre-taxed, there are strict guidelines on enrollments, administration, contributions, and the use of the funds.

It is recommended that a trusted advisor is used to assist in choosing the right plan and administrator for any of these plans so that all parties involved can obtain the best advantage out of these plans and avoid pitfalls.

Susan Denny, is a Registered Health Underwriter and is the managing partner of the group benefits division of DW Benefits, LLC ,located in Winston Salem, NC. She has over 15 years of experience in the health and life insurance industry. Susan specializes in group employee benefits and individual health insurance. She is a member of the National Association of Health Underwriters and the Triad Association of Health Underwriters.

Susan lives in Winston Salem with her two children, is a board member of their school PTA and active with her church.

You can contact Susan at DW Benefits at sdenny@dwbenfits.com or visit their website at www.dwbenefits.com.

MEMBERSHIP NEWS

We are happy to welcome these new members, who have joined Credit Professionals International within the past 12 months

District 3&4

Capitol City, AL

Alice Poe
Account Management Services

Atlanta, GA

Marianne Gudina
H&R Block TBS

Eastern NC

Cole Ottinger

Spartanburg, SC

Patricia Brown
The J. Floyd Mortuary

Margie Crews
IWG-High Performance Conductors, Inc.

District 3&4 (con't)

Jackson, TN

Sharon Nicholson
Southwest Funding

District 5

Ann Arbor, MI

Michael Bates
Best Block Company

Linda Helmick
Corrigan Oil Company

Jeremy Shaffer
Ann Arbor State Bank

District 7&9

Las Madrugadoras, NM

Shanon VanHuss
The Advantage Group

Lawton, OK

Tara Deavours

Vicki Stinson

Direct Members

Michael Moran, MPCE
Midwest Independent Bank
Columbia, MO

John Noshita, PCS
Rancho Santa Margarita, CA

CREDIT PROFESSIONALS INTERNATIONAL

Mission:
To support the members of Credit Professionals International by providing opportunities for networking, career development and community involvement.

Vision:
Our vision is to be an innovative, member-driven association, making positive contributions within the credit industry.

CERTIFICATION NEWS

The certification program offered by Credit Professionals International recognizes the accomplishments and showcases the expertise of individuals who work in the credit industry. It also encourages them to set career development goals and stimulates them to take an active role in their profession. Those who have pursued certification find it has helped them advance in their careers and in their personal development.

The Following CPI Members

Have Achieved Certification, Recertification or a Certification Upgrade

April 2011—March 2012

DISTRICT 3&4

Rhonda McKinney, MPCE
Atlanta CPI
Atlanta, GA

Michele Rocher, MPCE
Atlanta CPI
Atlanta, GA

DISTRICT 5

Cindy Westenhofer, MPCE
Indianapolis CPI
Indianapolis, IN

DISTRICT 8

Betty Denise Surratt, PCE
Alamo CPI
San Antonio, TX

DISTRICT 10

Nancy Holiman
At-Large Member
Arlington, WA

Billie Plasker, MPCE
Mid-Val CPI
Fairfax, VA

DIRECT MEMBERS

Michael Moran, MPCE
Columbia, MO

John Noshita, PCS
Rancho Santa Margarita, CA