in this issue >>>

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THE CREDIT CONNECTION

current topics >>>

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>
> **Marylyn Tack**

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Message from the President

Marylyn Tack,

President - Credit Professionals International 2018-2019

Happy New Year! I hope that everyone had a wonderful Christmas. I am looking forward to a great year ahead of us. I hope that everyone has put on their thinking caps to come up with ideas to increase our membership.

March is National Credit Education Month. What can you and your group do to promote Credit Education within your communities? I challenge each of you to reach out to those in your church, schools, senior centers, neighborhood associations and any other meetings to increase credit awareness. Hold a workshop, teach a class, or simply talk to people about the importance of understanding their credit.

Mark your calendar and plan to attend the International Conference June 27-29, 2019, in Albuquerque, NM. The agenda and registration form is on the web-site. We look forward to seeing you in Albuquerque.

Where Do We Go From Here?

Connie Hamilton
Vice President
Membership Chairman

So, here we are! A brand New Year! And speaking of which: HAPPY NEW YEAR! Hope that all of your dreams and wishes came true for 2018 and that 2019 will be just as good to all of you!

A great BIG THANK YOU to all who have paid their dues! Your continued membership in CPI is so important—not only to the organization but to all the very worthwhile projects that we support.

Now, if you are one of those who have not paid, it is never too late! It's a small price to pay for your continued education! That's $100.00 for the year OR, to look at it another way, just $8.33 per month! What a small price to pay!

And remember, CPI is one of those things where you get back at least as much as what you put in to it—and most of the time much, much more!

So, if you haven't paid your 2018-2019 dues, do it right now! Sit down and write out that check and send it to Charlotte in the Corporate Office (P.O. Box 220714, St. Louis MO 63122).

It is one of the really nice things that you can do for yourself! What a great gift!

I want to take this opportunity to remind everyone that you should have those "thinking caps" on——and have at least started a list of all the ideas for the 2019 Membership Campaign. I need those ideas by February 22, 2019, so that they can be shared with everyone to use as avenues to contact prospective members!

Hoping to hear from all of you!

I hope that you have a nice, new sparkly one for the New Year!

Happy New Year!

Connie Hamilton,
Vice President
Credit Professionals International

Seven Common Sense Tips for Managing People

By Colleen Kettenhofen

You set the standard: Work as hard, or harder, than your employees. Be a role model when managing people. Strive to know more than your best employee (or best sales rep) about your product line, industry, and their jobs. This doesn't mean you have to know everything. Still, educate yourself. I frequently hear in my seminars, "My boss has no idea what I really do in my job. The challenges, the pressures I face, and the time constraints."

Be authentic, be real: Communicate the good, the bad, and the ugly at least weekly. In study after study, employees and business leaders overwhelmingly want a leader who is "straightforward." I hear this over and over in my leadership seminars and workshops worldwide. Good interpersonal skills are crucial in managing people.

Be authentic, be real: the #1 trait people want to see, to willingly follow their leader, is honesty. How can you expect them to look up to you if they don't trust you? Leadership is about honesty and integrity.

The top five things: Ask your people point blank, "What are the top five things I can do to help you succeed?" For example, if they are salespeople, what can you do to motivate them to be out in the field instead of in the office?

MBWA: Management by walking around. Be accessible to them. Get in the trenches with your team. Nothing will gain respect for you more than that. This is another trait I often hear from my participants that they want to see in their leaders, their management team.

Be willing to fight for them: But before that, set the standard so they know how far they can push something before they ask for it. And when is enough…enough.

Get the facts first, listen: Never question their integrity without first gathering all the data. Have an open mind. Let them tell their side of the story. Just because you acknowledge what they say doesn't mean you have to agree.

The leadership tips on managing people represent the opinions of a large cross section of employees, most of whom are managers themselves. In presenting approximately 100 programs a year worldwide, these are the top seven "common sense" traits I hear employees most want from their managers. I refer to them as common sense as it seems most leaders should know how important these people skills are to possess. Yet, many in management have risen in the ranks due only to their "hard skills" or technical skills. Many managers are promoted to management positions without any formal training in the area of communication and managing people. As a result, they can be too overbearing, or just the opposite, non-confrontational.

If nothing else, develop your communication and conflict-resolution skills. It'll save you money in the long run. As a manager, it's imperative to know how to manage people. The courts are filled with hotheads, people who said the wrong thing at the wrong time. Or worse, said nothing at all, and enabled the behavior of a difficult employee until it reached a crisis point.

"Sow an act, reap a habit; sow a habit, reap a character; sow a character, reap a destiny." G. D. Boradman

Colleen Kettenhofen is a motivational speaker, workplace expert and co-author of "The Masters of Success", as featured on the Today Show, along with Ken Blanchard and Jack Canfield. To order the book online, visit http://www.ColleenSpeaks.com.

How Long Will You Have to Work?

Most of us have grown up in an era when the dream is to retire as soon as possible—age sixty-five or sooner. In fact, almost half of men retire at age sixty-two, and half of women retire at age sixty. If you haven't retired yet, however, a whole host of trends make retiring at age sixty-five seem difficult.

Fewer individuals are covered by defined benefit plans. For years the trend has been away from defined benefit plans, which provide a guaranteed retirement benefit paid for by your employer, to defined contribution plans, where you are responsible for making contributions.

Currently, only 21 percent of the workforce is covered by a defined benefit plan, but even those workers can't be assured of those benefits. While companies can't take away benefits that are earned, they can change future benefits, which could result in significantly lower benefits than expected.

The Social Security system will face increasing pressure in the future. Due to the unprecedented number of baby boomers who will be retiring soon, there will be fewer workers to pay the benefits for retirees. In 1950, sixteen workers were paying for each retiree's benefit. Currently, 3.3 workers support each retiree, which is expected to drop to only two workers for each retiree in forty years. By 2041, unless changes are made to the system, benefits will need to be reduced by 25 percent to equal revenues collected.

Life expectancies continue to increase. Average retirement ages have been declining, while life expectancies have been increasing. Today, at age sixty-five, the average life expectancy is eighty-two years for a man and eighty-five years for a woman compared with seventy-eight years for a man and eighty-one years for a woman in 1960. And these are just averages, meaning that 50 percent of 65-year-olds will live longer than this. Also, retirement ages have been decreasing. Currently, the average retirement age is sixty-two. Thus, with younger retirement ages and increased life expectancies, the average retiree has fewer years to accumulate savings but must accumulate more savings to last a longer time period.

Health-care costs are becoming more of a burden. More and more companies are reducing or eliminating health care insurance for retirees, and health care costs tend to increase faster than overall inflation. A recent report estimates that a 65-year-old couple will need $215,000 to cover health care expenses in retirement, including costs for Medicare Part B and Part D and supplemental insurance. This amount does not include potential long-term care expenses. It was also estimated that a 65-year-old earning $60,000 the year he/she retires could spend half of pretax Social Security benefits on health care.

Long-term inflation rates are uncertain. Inflation has been tame for a long time, so it's easy to underestimate its impact over a long retirement. For instance, while inflation has averaged 2.54 percent over the past ten years, it has averaged 4.31 percent over the past thirty years. While overall inflation has been tame

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lately, the items retirees spend a significant amount of income on—which include health care, housing, energy, and food—tend to increase faster than overall inflation.

Plans for retirement have changed. A common retirement planning rule of thumb is that you'll need 70 to 80 percent of your preretirement income after retirement. That guideline assumes, however, a relatively inactive retirement lifestyle. Increasingly, retirees view retirement as a time to travel extensively or engage in expensive new hobbies. Thus, more and more retirees are finding little change in their income needs after retirement.

So how long will you have to work before you can retire? Consider this fact. Current retirees receive close to 70 percent of their retirement income from Social Security and defined benefit pensions, while today's workers will probably only receive one-third of their retirement income from those sources. That means you'll be responsible for saving enough to provide two-thirds of your retirement income.

For most people, that is no easy task. It is typically recommended that no more than four percent of a retirement fund balance be withdrawn each year to ensure that funds last for a long retirement. That means you need to save twenty-five times the amount you want to withdraw annually. So, if you want $75,000 annually from your retirement assets, you need to accumulate $1,875,000 by retirement age.

Six Critical Leadership Skills

If you want to be an exceptional leader, you must be able to:

Show emotional intelligence. You need self-awareness, empathy, self-control and maturity to lead others.

Nurture trust. If your employees don't trust you, they won't respect you or go to battle for you. Be ethical and honest, and take accountability for your missteps.

Unite people to solve problems. The mark of a true leader is the ability to bring together a group of diverse people and rally them to work together.

Manage different relationships. You will work with employees, managers in different departments, co-workers at all levels, senior executives and customers. Maintain good working relationships with those people through high-quality connections.

Communicate effectively. Master the art of clear, concise, complete and courteous communication to ensure you get your message across, regardless to whom you are speaking.

Prioritize tasks for yourself and your team. Not all things are urgent or important. It's critical that you spell out for your team which tasks and goals are priorities.

Adapted from *Mind Tools for Managers: 100 Ways to Be a Better Boss*, James Manktelow and Julian Birkinshaw, www.mindtools.com.

Government News

New Colorado Law Caps Payday Loan Interest Rates at 36 Percent

Colorado voters overwhelmingly approved a ballot measure to cap interest rates on payday loans at 36 percent.

The passage of Proposition 111, which also prohibits payday lenders from adding origination and monthly maintenance fees, makes Colorado the fifth state to impose caps on payday loans through a voter referendum.

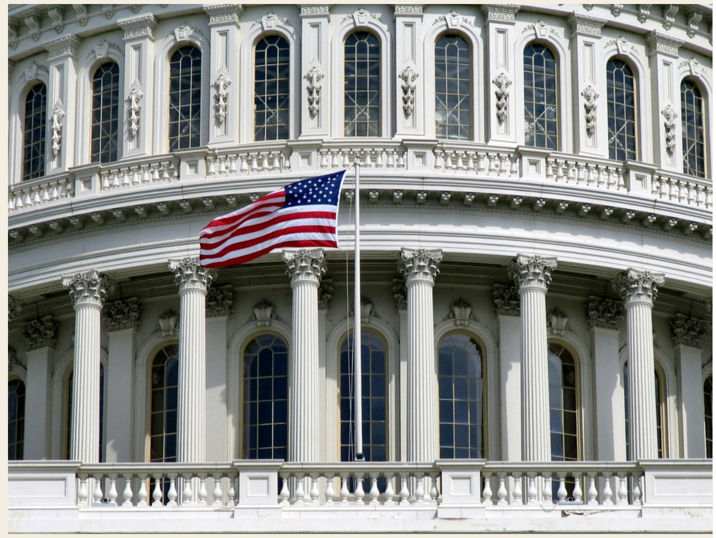
In 2010, Colorado legislators passed a law banning payday lenders from offering installment loans of under six months and allowing borrowers to pay off their loan at any point in that six-month period without a penalty. That law was intended to strike a compromise between the payday lending industry and consumer advocates, who wanted a 36 percent interest cap.

Before passing that measure, the state had estimated that average annual percentage rates on payday loans ranged from 340 percent to 400 percent. Within two years, the number of payday loans made in the state fell dramatically and more than half the state's payday lending stores closed.

Yet consumer advocates have said that average APRs on payday loans made in the state could still legally exceed 200 percent after accounting for fees and that APRs averaged 129 percent in 2016.

Proposition 111 passed with more than 75 percent of the vote. The Center for Responsible Lending said it would save Colorado borrowers approximately $50 million a year in fees.

"Those who are on the ground understand the harm that triple-digit loans cause struggling families, and they made sure those stories were heard," Ellen Harnick, director of the Center for



Responsible Lending's western office, said in a press release.

South Dakota voters passed a similar measure in 2016, imposing a 36 percent interest cap on payday, installment and auto title loans. Within the past decade, interest rate caps have also taken effect in Ohio, Arizona and Montana.

The most widely known and used credit scoring system will offer a new variation that could help consumers with little or poor traditional credit. The new UltraFICO takes into account a consumers checking account transactions and the ability to maintain balances and savings. FICO scores currently range from 300-850. Usually a higher score makes it easier to qualify for a loan and may result in a better interest rate. Like all credit scores, however, FICO scores can change over time according to credit behavior—the ability to accumulate loans and credit cards and pay down balances on time.

Fed's New Report Highlights Three Big Trends to Keep an Eye on

Economists and business executives are now watching the financial markets closely. The wild swings in stock prices are one worry. Here is a rundown of what else the Fed's are finding.

Consumer borrowing: This is the brightest spot on the financial landscape. American households

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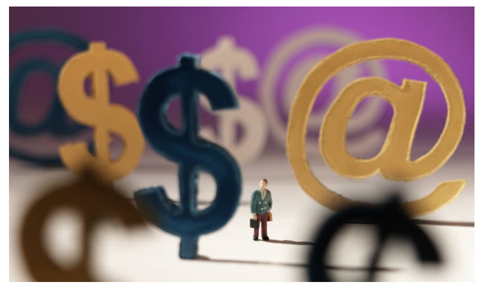
have substantially reduced growth of their debt, especially home mortgage debt, which represents two-thirds of all consumer debt.

Business borrowing: The picture here is mixed. Increasingly, loans and bonds are funneling credit to weak borrowers. Of the $14.8 trillion in total business borrowing, $2 trillion is classified either as “junk bonds” or collateralized loan obligations—risky credits that might default. Still, there are offsetting factors: low interest rates have reduced the carrying cost of debt to historically low levels.

Borrowing by banks and other financial institutions: Most make money by borrowing short-term at low interest rates and lending long-term at higher rates. The question is whether they’re making smart loans—loans that won’t default—and do they have adequate capital to absorb any losses. On both scores, the Fed is relatively optimistic. It judges that “the credit quality of bank loans appears strong” (though it worries about CLOs) and says that the level of capital, in relation to banks loans and investments, is about twice its 2009 level.

Countless private economists have commented on the rise of corporate debt levels. Among the latest is Janet Yellen, the former Federal Reserve chair. “If there’s something else that causes a downturn, the high levels of corporate leverage (borrowing) could prolong the downturn and lead to lots of bankruptcies, she said.



How to Answer This Question:

Are Mutual Funds a Safe Investment?

As a CPI member, you are likely to be asked questions from family and friends about financial matters. One of the most common focuses on mutual funds.

Here is advice you can give regarding investing in mutual funds.

Mutual funds are a good choice for new investors wanting to start on a small scale. Mutual funds offer four major benefits over buying individual stocks and bonds.

First, by pooling your money with other investors, you can invest in a large diversified portfolio of stocks and bonds. Your money is spread among many different securities within the fund. Because of this diversification, if one of the stocks within the fund plummets in value due to problems with the company, the other stocks in the fund will cushion your investment, lowering your overall risk.

Second, a mutual fund offers experienced professional management to select and monitor the securities in the fund. They decide when to buy and sell, sparing you the work and research of following each individual stock.

Third, mutual funds offer convenience and liquidity for investors. Most funds can be purchased online for as little as $25 to open an account. You can withdraw part or all of your money anytime you wish.

The fourth benefit is the investment options and exchange privileges. If you invest in a family of funds, your investment options are limitless. You can invest in stocks, bonds, international companies, precious metals, and money markets. If, for any reason, your investment objective changes, most funds will allow you to exchange into another fund within the family.

Seven Options for Paying Off Student Loans

By Credit.com

A significant part of what makes us human are the different views each one of us has about one thing or the other. But one thing everyone can agree on is this: student loan debt isn't a small issue. And paying off student loans isn't easy. Debt.org reports that in February 2017, student debt rose for the 18th year, hitting $1.4 trillion dollars.

Each person with a student loan had an average debt of $37,172. It isn't fun when you get a paycheck from your job after graduating and have to spend the bulk of it on your student loan.

Most people spend a large chunk of their post-college lives repaying student loan debt. But it doesn't have to be that way. To help pay down your student loan debt faster, start by rethinking your repayment plan strategy.

1. Pay More than the Minimum Required Payment

This is one of the most effective ways to reduce your debt. The way to do this is to take the payment you already have and add an extra sum to it. Because your payments are already set up, any additional payment you make will go to your principal.

If you want to simplify the process, opt for automatic payments with your loan servicer, adding the extra amount automatically. This helps prevent you from being indecisive about adding the extra amount to your payment. And it makes it harder for you to change your mind.

2. Look for Refinancing and Consolidation Opportunities

Loan refinancing for student loans, including federal student loans, is one of the best things you can do for yourself when it comes to paying off student loans faster. While refinancing,

remember the aim is to reduce your interest rate, which can put more of your payment toward reducing your student loan debt.

If you successfully refinance several student loans, you can secure one consolidated loan that lets you make just one monthly payment instead of multiple payments. You can also choose to refinance one student loan to get a better interest rate.

3. Get a Job that Offers Loan Forgiveness

Some jobs offer loan forgiveness for all or part of your student loans. Sample jobs include teaching or public service work. Getting a job that offers loan forgiveness can go a long way, because you get added money on top of your salary.

The only potential downside to a job that offers student loan forgiveness is that you may have to work for the company for a fixed number of years as well as meet some other requirements to qualify for loan forgiveness. If you quit early, you'll be back to paying off your student loan debt.

4. Run Away from Repayment Schemes

Steer clear of loan repayment programs that are income-driven. Most of these federal-backed student loan repayment schemes aim at

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reducing payments by increasing the length of the loans. The result is that it will take longer to pay off your student loans, which will extend your debt.

Consider Pay as You Earn (PAYE) for example. This plan can potentially stretch repayment periods from 10 to 30 years, putting you in debt for a large part of your life.

5. Think About Your Debt Strategically
While adding more money to your monthly student loan payment is one of the quickest ways to pay off your student loans, you can also use that extra cash in other ways.

With student loans, the wise thing to do is to pay off the loans with the highest interest first. To do that, you use the "debt avalanche" method. You make only the minimum payment on all your loans and put the remainder on the loan with the highest interest rate until it's paid off—so you're paying it off first, but still making payments on all your loans.

Similarly, consider paying off private loans first before federal loans. Private student loans usually have higher interest rates and more rigid repayment terms compared to the federal loans.

By choosing to deal with the loans with the highest rates first, you end up saving money on interest. You can also consider doing the inverse by paying off loans with the lowest balances first. While this may mean you don't get to save as much on interest, the psychological boost from closing accounts can be beneficial on your journey.

6. Choose Interest Rate Reductions
Reducing the cost of your loans and accumulating wins using the strategies above can result in smaller savings that add up and help you on your repayment quest.

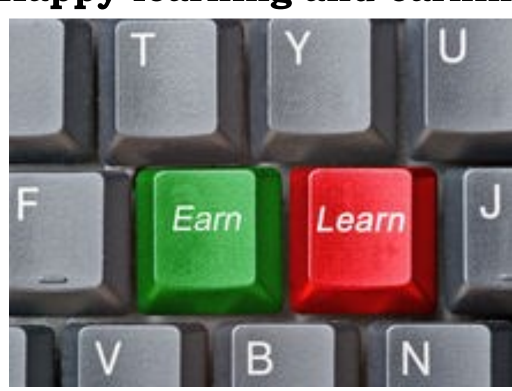
A lot of loan services give users a 0.25 percent interest rate deduction on federal loan debt when opting for automatic payments. While this may not be millions of dollars, saving a few hundred dollars doesn't hurt.

Aside from the savings you get from interest, making automatic payments part of your repayment plan can make life run more smoothly. Automatic payments eliminate worrying about missing or late payments, and not missing payments is good for your credit.

7. Maximize Tax Deductions and Credits
By repaying off your student loans, you may become eligible for the student loan interest deduction on your federal taxes. The student loan interest deduction can reduce $2,500 from your tax obligation each year.

You may also be eligible for tax credits if you're paying tuition still, including while enrolled in graduate school. While there are no tax credits for paying off your student loans, if you're a current or prospective student, check to see if you're eligible for any tax credits. Some credits are worth up to $2,500 annually.

Happy learning and earning.



One in Five

By Blake A. Martin, MHA

Too often, people wake up in the morning with an illness that isn't accepted under most corporate leave policies. You're wracking your mind thinking to yourself, "what could one of my team members suffer from that isn't an acceptable excuse under our well laid out and cutting edge leave policy?" Right?

Roughly 43.8 million Americans wake up every day battling mental illness or substance use disorders. These challenges are too often buried and hidden by those who are suffering because of stigma. In March of 2018, Kwame Anthony Appiah highlighted this issue in his New York Times Magazine article, "Must I Tell My Boss I'm Absent Because of Mental Illness?"

Appiah discusses how corporate America has not provide a safe and accepting place for professionals who are living with a mental illness.

Throughout our lives, we all experience life's challenges. Some of these challenges can be fleeting while others make an impression, good or bad, on our lives forever. People who are living with mental illness or suffer from their first episode of depression or anxiety often find themselves alone—not because they are truly alone but because our society, especially corporate culture, tends to cast shame on mental illness, the symptoms it causes and, sometimes, the debilitation it can cause.

Having to miss a major presentation with your sales team because you have the flu and a 102.5-degree fever brings sympathy, a get-well email and a bottle of disinfectant for your return to work the next week. But can you imagine waking up and telling your team you must miss the million-dollar pitch because you are too anxious or depressed? Most people who suffer with mental illness are too afraid to share their reason for being ill and try to cover it and push through or create more accepted symptoms to spare themselves.

Rather than having to suffer alone, cover up anxiety or depression and make up excuses, we should be able to openly and honesty share our illness. Depression is not unlike other illnesses our bodies experience. In fact, it is impacting more than 43 million adults in our country. But with the proper treatment through therapy and medication, if medically appropriate, these men and women can lead productive lives in recovery. As employers we need to embrace our team members and support them through their illness—no matter what part of the body is suffering.

Many corporate benefit plans have long offered employee assistance programs providing access to mental health professionals. These programs, while helpful, often have a cloud of shame associated with their services and a fear that the employer will know why the team member used the EAP and it will have a negative impact on professional growth, or even worse, lead to termination.

As our country starts to embrace mental health treatment and bring the conversation out to the forefront, many companies are encouraging team members to engage with mental health professionals, seek treatment, employ practices like mediation and Mindfulness Based Stress

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Reduction (MBSR) to maintain a healthy mind and body. You see, having a healthy mind is just as critical as a healthy heart.

The CDC reported that nearly 200 million days are lost each year to workers who are suffering from depression. This costs the U.S. economy nearly $44 billion each year. Why? Because stigma and a fear of reporting their illness and being discovered treating their symptoms drives their decisions. If our teams have access to care, feel supported and encouraged, then we will see their performance increase, their work-life balance become more aligned and our workforce happier and healthier than ever before.

As leaders, it is your responsibility to start the conversation with your team. Embrace their challenges and provide them with the supportive environment to reach recovery and travel the road to recovery for the rest of their life.

What can you do to ensure your teams aren't suffering silently and stigma isn't clouding your company's view of people who suffer with a mental illness? Adopt the philosophy: *If it is mentionable, it is manageable. Communicate about mental illness, the signs, symptoms and the treatment your company provides. And Provide access to your teams in a convenient and affordable benefit option.*

When are you going to start the conversation?

Blake A. Martin, MHA

Blake is Monarch's executive vice president and chief development officer. Celebrating 60 years, Monarch was established in 1958. With a team of over 1,800 dedicated medical and direct support professionals, Monarch provides support statewide to over 30,000 people with intellectual and developmental disabilities, mental illness and substance use disorders. The organization is nationally accredited by The Joint Commission and The Council on Quality and Leadership (CQL). Monarch operates The Arc of Stanly County, which is a chapter of The Arc of North Carolina and The Arc of the United States. To learn more about how Monarch provides support, please call (866) 272-7826 or visit www.MonarchNC.org.

The Benefits of Investing in Mutual Funds

Are you new to investing and want to start on a small scale? If so, then investing in mutual funds may be right for you. Mutual funds offer four major benefits over buying individual stocks and bonds.

First, by pooling your money with other investors, you can invest in a large diversified portfolio of stocks and bonds. Your money is spread among many different securities within the fund. Because of this diversification, if one of the stocks within the fund plummets in value due to problems with the company, the other stocks in the fund will cushion your investment, lowering your overall risk.

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You can invest in stocks, bonds, international companies, precious metals, and money markets. If for any reason your investment objective changes, most funds will allow you to exchange into another fund within the family.

Ultra FICO
New Score Can Boost Consumers With Little, Weak Credit

Source: ecreditdaily.com

The most widely known and used credit scoring system will offer a new variation that could help consumers with little or poor traditional credit.

The new **UltraFICO** takes into account a consumers checking account transactions, and the ability to maintain balances and savings.

FICO scores currently range from 300-850. Usually a higher score makes it easier to qualify for a loan and may result in a better interest rate. Like all credit scores, however, FICO scores can change over time according to credit behavior—the ability to accumulate loans and credit cards and pay down balances on time.

FICO's traditional credit scores rely only on information about a person's credit usage and payment history drawn from the person's report at one of the three big credit bureaus, Experian, Equifax, and TransUnion.

The new Ultra score is designed to help those who would be denied credit because their traditional score is too low or they have no credit history. FICO says Ultra provides a "second chance" for borrowers after lenders have pulled their traditional FICO score.

There is some concern, however, that some lenders may examine an Ultra score before looking at a potential borrower's traditional score. In those cases, the new score could hurt borrowers who otherwise might have gotten credit or loans, or better lending terms.

FICO says that with Ultra, a "consumer grants permission to contribute information from banking statements, including the length of time accounts have been open, frequency of activity, and evidence of saving…"

Experian, FICO and Finicity project that this new score could improve credit access "for the majority of Americans and is particularly relevant for those who fall in the grey area in terms of credit scores (scores in the upper 500s to lower 600s) or fall just below a lender's score cut-off."

The UltraFICO Score will launch as a pilot program in early 2019.

"This changes the whole dynamic of the lender and customer relationship," said Jim Wehmann, executive vice president, Scores, at FICO. "It empowers consumers to have greater control over the information that is being used in making credit risk decisions. It also enables a deeper dialogue between the consumer and lenders to help both parties make better financial decisions. It's a game changer."