

WiSe Up Teleconference Call  
"Becoming Credit Smart"  
February 28, 2006  
Questions and Answers

Jane Walstedt: And now I'm going to ask the operator to give us some instructions on how to ask a question.

Trisha?

Coordinator: Thank you.

At this time, we'll take questions. If you have a question, simply press star-1 on your telephone touchpad. At any time you may withdraw your question by pressing star-2.

Once again, that's star-1 if you have a question, and star-2 to cancel. One moment.

We have a question to register. And our first question comes from Barbara Goodwin.

Barbara Goodwin: Hello, can you hear me?

Jane Walstedt: We can.

Barbara Goodwin: Thank you for the great presentation.

I was wondering [is there] a Web site where we can obtain a free FICO score or is that a pay for informational score only?

Thank you.

Jane Walstedt: Can one of our speakers answer that?

Amy Perry: Yeah. This is Amy. I can take that question.

To get access to your FICO score, you do have to pay for it. If you do go to [www.annualcreditreport.com](http://www.annualcreditreport.com), that's where you can get your free credit report. And you can get all three through that Web site. And with all three, when you access all three credit reports, you're going to go to each bureau. You're going to do it separately. You can request your credit score from each bureau through [www.annualcreditreport.com](http://www.annualcreditreport.com) when you do it that way.

And it is, I believe - I'm not sure how much it costs, I believe it's around \$10.

Jane Walstedt: Thank you very much, Amy.

Trisha, do we have another question?

Coordinator: Yes.

And our next question comes from Karrie Jones.

Karrie Jones: Hi. I'd like to know, how do you report your recent revolving credit information?

Jane Walstedt: Do one of our- Can one of our speakers answer that?

Nancy Nauser: I'll be glad to. This is Nancy.

You actually need to talk to your creditor to make sure that they are reporting it. Reporting to the credit bureau is something that the creditors do, and you really don't have the option of sending that information. So you need to work with your creditor to make sure that they are reporting.

As I said, some creditors may charge you to do that because they may not be, they may not do that on a regular basis. So you need to check with your creditor.

Carrie Jones: Thank you.

Jane Walstedt: Trisha, do we have another question?

Coordinator: Yes.

And our next question comes from Wendy Sanchez.

Wendy Sanchez: Yes, we would like to know if being in a debt management program is shown as a negative on your credit report?

Nancy Nauser: This is Nancy again.

As a debt management participant or a debt management client, Consumer Credit Counseling Service does not report that you are in a debt management program.

However, the creditors themselves may show that you are in a credit counseling program. That can, for some creditors, they look at it and say, well, we definitely don't -- while you are in the program, we

know that you should not be incurring more debt until you pay off all of your debt.

So although we do not report, the creditors may show that you are, that they are getting paid through a credit counseling service.

Wendy Sanchez: Okay.

Nancy Nauser: Does that answer your question?

Wendy Sanchez: Yes.

Nancy Nauser: Okay.

Jane Walstedt: Thank you, Wendy. By the way, you're always there to ask a question, and we appreciate it.

Trisha, do you have another question for us?

Coordinator: And our next question comes from Tori Palmer.

Tori Palmer: We were wondering if there was any way we can get hard copies of the materials that you've presented today.

Jane Walstedt: Well, we actually post the call on our Web site in two ways, in audio form and transcript form. So they will be available some time in the months following the call.

Tori Palmer: Thank you.

Jane Walstedt: Uh-huh.

Nancy Nauser: Jane, I do have that form that I mentioned at the very beginning of my presentation, the installment loan comparison worksheet, if we can post that too?

Jane Walstedt: Okay. If you can get that to us...

Nancy Nauser: Okay. I'll e-mail that to you.

Jane Walstedt: Thank you.

Trisha, do we have another question?

Coordinator: And our next question comes from Shelly Padrue.

Shelly Padrue: Hello. I wanted to find out what things can we do to protect ourselves from becoming potential victims of identity theft?

Jane Walstedt: Is there one of the speakers who would like to address that?

Amy Perry: I can talk about that. This is Amy.

The biggest thing that I can tell you about is, in protecting yourself, is to get your credit report. A lot of times, these errors are on your report and you don't even know it. No one's going to be contacting you to tell you that they're there. So if you get your credit report, that's the first step in the process.

The other step is the more logical, and it's trying to keep your information to a minimum, your private information private, whether that's around your house, being able to lock up your information when

you have guests over, friends of your children or your children are there, and keeping all that information private.

Another thing that people say is, when you have your checks, when you order checks, just put your last name, don't put your first name, or even your first initials. Just put your last name. That way, if someone does get a hold of your checks, they don't know how to sign your name because they don't even know what it is.

So those are just some of the quick things that come to my mind on how to protect yourself and your identity.

Nancy Nauser: I'd like to add something that happened to my husband just yesterday.

He went to that dentist that he has gone to for a long time and they asked him to fill out a new form and on the form, it said that they wanted his Social Security number and my Social Security number, so they could pull a credit report. And he goes, but I pay you up front, why would you need that? Well, we just need it. He goes, no, you don't.

And so don't be bullied into giving out your personal information because it clearly said on there that they may share that.

And so be careful with who you give your Social Security [number], your, you know, your personal identification to.

Diahann Lassus: Yes, this is Diahann Lassus.

As a follow-up to that, the - most of the insurance companies were the driving force behind needing Social Security numbers. That has

changed. And now they're assigning a specific ID rather than using Social Security numbers as an added protection for individuals.

One other thing is when you receive credit card applications and offers in the mail or any kind of bills, make sure you shred those things before throwing them in the trash because that's a gold mine for people who are trying to use your identity to get credit.

Jane Walstedt: You know, there was a very good article I was just reading before this call in *Parade* magazine from the *Washington Post* last July. It was called "How to Guard Your Identity," and you all were talking about Social Security numbers. It mentioned that the retired General John Shalikashvili, the former Chairman of the Joint Chiefs of Staff, became a victim.

What happened to him was his Social Security number along with those of other military officers was published in a Congressional record and later posted on a Web site. And then in 1999, thieves used their identities to open 273 new credit card accounts and run up \$200,000 in charges. So it's amazing what they can do when they get your Social Security number.

We have a question here in the room?

Gail?

Gail Patterson: Hi.

You're talking about identity theft and security as far as tearing up the carbon copies, but so many people are ordering things over the Internet and using their credit card number.

How safe is that? Because I am afraid to do that, but everybody keeps saying - telling me, it's very safe, it's just the same as passing your card off when you're eating in a restaurant. You can get it stolen that way too. So how safe is it if you order things over the Internet?

Jane Walstedt: Do any of our speakers have an answer to that?

Diahann Lassus: This is Diahann. I can start a response to that.

In many ways, ordering over the Internet may, in fact, be safer than ordering in a department store. And the reason is, if you look at the Web site you're ordering from, it should have a lock down in the bottom corner that tells you it's a secure site. If it doesn't have that, then you don't want to order from those folks.

But what you'll find is the most reputable dealers or retail establishments have that high level of security versus if you go to a department store, many times today instead of having the electronic transmission, you have to sign a piece of paper, and they keep copies of that piece of paper with all of your credit card information. In many ways, that's a higher risk than many of the online sites.

Jane Walstedt: Good point, because the same article I was talking about said that sometimes the thief works for a company you do business with.

Nancy Nauser: There are also credit card companies, not all of them, but there are some, that will give you special numbers that you use only one time when you are ordering over the Internet. So you might check with your card issuer, whether it's MasterCard or Visa or American

Express, and see if they have that capability of giving you special numbers when you're using the Internet.

Jane Walstedt: Thank you very much.

Trisha, do we have another question?

Coordinator: Yes. And our next question comes from the line of Mariam Heppe.

Mariam Heppe: Yes, hi.

I had a question about the debt-to-income ratio. I believe you said that when you're calculating your debt portion before you divide it by your take-home pay, that you don't include the mortgage.

Nancy Nauser: That's correct.

Mariam Heppe: Why don't you include the mortgage? I'm just curious.

Nancy Nauser: Because they're looking for a consumer debt-to-income ratio, is what most are looking at. Your mortgage is included in your - and that's why [the ratio] so low. If you put your mortgage in there, you would need to have it quite a bit higher. So from a consumer standpoint, that's just the calculation that they usually use.

Now there are some that use total debt-to-income ratio. Some people are looking at that. And they're looking at more of a 25% total debt-to-income where you would list all of your debt, the total debt you owe, and divide it by your take-home annual salary.

Unfortunately for a lot of us, that probably won't even cover the debt that we owe on our cars. So that's why most people are looking at the monthly payment debt-to-income ratio.

Mariam Heppe: Okay, thank you.

Nancy Nauser : Uh-huh.

Jane Walstedt: Thank you.

Trisha, do we have another question?

Coordinator: Yes. And our next question comes - sorry - and our next question comes from Karrie Jones.

Jane Walstedt: Karrie?

Coordinator: Ma'am, your mike is now open.

Jane Walstedt: Karrie, are you there?

Trisha, I guess she's not there.

Coordinator: Okay. And our next question comes from Karen Jones, ma'am?

Karen Jones: I'm here.

Jane Walstedt: Go ahead, ask your question.

Karen Jones: You know, what I do for a job, I work with young youth, young adolescents, who are going out on their own. What is the best thing to

recommend to them when they get into credit card debt and they find out they can't make their payments. Do I advise them to go to the creditor directly to see if they'll reduce the interest rate to work with them? Or is it better to advise these kids to go to like a credit, consumer credit agency, you know, a reputable one that would be able to help them that way?

Nancy Nauser: One of the advantages, this is Nancy, of going to a reputable, and I do say reputable, consumer credit counseling service is that we look at it from a holistic standpoint.

And in the example that you gave especially, they really probably need to have someone sit down with them to look at their income, their expenses, and their debt as a whole picture, especially starting out it's sometimes really difficult to put that together.

And so it's an educational session in that you're helping them learn how to do a budget, really understand what income, you know, not the net income, it's your - it's not your gross income, it's your net income, and all of the components.

So I do recommend, especially if you have an NFCC [National Foundation for Credit Counseling] member or, you know, a credit counseling service that has an onsite, a lot of times that's a lot easier, although phone and Internet is also very viable.

Jane Walstedt: And, Nancy, how would they find a reputable credit counseling agency?

Nancy Nauser: Well, in your area, you can go to [www.nfcc.org](http://www.nfcc.org) and it will give you choices for NFCC. There is another organization. I don't know what

their [acronym is], but I know that the NFCC has standards as to what we, you know, how we counsel people. [Editor's note: Another resource for locating a counseling agency is the Association of Independent Consumer Credit Counseling Agencies (AICCCA). Visit the Web site [www.aiccca.org](http://www.aiccca.org) or call their toll-free referral line 800-450-1794.]

Jane Walstedt: Thank you very much. Any other comments on that or shall we go on to our next question?

Karen Jones: No, that's a big help, thank you.

Jane Walstedt: Trisha, do we have another question?

Coordinator: And our next question comes from Paula Castela.

Paula: Hi. How long should history, good or bad, remain on your credit report? And is there any harm to letting good credit roll off?

Amy Perry: This is Amy.

History on your credit report stays for seven years. Inquiries are a little shorter; they stay for about two years.

You can't really do anything about it, about when the credit rolls off, it does roll off automatically. You can't do anything about that.

I'm trying to think the - all the components of your question. Did I miss anything?

Paula: Is that true for good or bad history, that it's seven years?

Amy Perry: Yes.

Paula: Okay.

Nancy Nauser: If you have good history on there and - it should automatically roll off, as Amy said. If it doesn't, you can request it. If it's bad, I'd go ahead and definitely as soon as seven years pops up as of date of last activity or date of payoff, then I would ask it to be removed.

Good history, you might wait until the creditor or the credit bureau decides to take it off.

But on the other hand, from an identity theft standpoint, you should keep it as clean as possible.

Jane Walstedt: Thank you.

Trisha, do we have another question?

Coordinator: And our next question comes from Viola Monness.

Viola Monness: Yes, my question was, I heard that you can inherit somebody's credit history if they add that person to the – [as] like an authorized user on the credit card. Is that true?

Jane Walstedt: Who wants to take that question?

Nancy Nauser: This is Nancy.

I understand that if you put someone on as an authorized signer, that it will show up on their credit report. I have not seen an authorized signer on a credit report myself, but I do understand that - so if they are authorized to the history, your history would be on their report.

And that's why some - I know one bank in particular that does not use credit scores because they said that it could be distorted if there's, you know, if they are an authorized signer on - such as their parents' account or something like that.

Jane Walstedt: Okay. Good question.

Do either of our other two speakers have any comments on that?

Amy Perry: I think, Nancy, is it account specific, so if it's just that one credit card or that one loan account, it would just be that account that you get the history of.

Nancy Nauser: Right, right, yeah.

Jane Walstedt: Caller, does that help?

Viola Monness: Yes, it does, thank you.

Jane Walstedt: Okay, great.

I think we have time for one or two more questions. Trisha, do we have any more questions?

Coordinator: Yes, we have several.

Our next question comes from Tori Palmer.

Tori Palmer: Yes, I'm wondering, you were talking about building credit and clearing it. What's enough over your minimum that you ought to be targeting?

And the piggyback to that is - or should you be concentrating on getting rid of any one credit card at a time or something, because I've been in situations where people have said to try to target the one with the highest balance when it makes sense to me to go with the lowest. But when you want to go and not pay the minimum, what's enough to make a difference?

Jane Walstedt: Do any of our speakers have a response to that?

Nancy Nauser: Probably all of us.

Jane Walstedt: Go ahead.

Nancy Nauser: This is Nancy. Certainly there are a lot of ways that you can take a look at that. One of them is usually when you try to do a power pay or a snowballing. You say, okay, I have so much debt and I can put \$500 to it. And you keep that \$500 going to pay off your debt until it is totally paid off. So you're looking at it from a whole standpoint instead of credit by credit. And in that case, usually if you put the extra dollar, let's say your minimum payments only came to \$450, and you were putting an extra \$50, you would put that to the highest interest, usually is where it comes.

Certainly the - if you want to pay off some smaller bills first, you know, that gives you a boost, that's motivation. "Wow, I've got two of them done."

So it really is a personal thing. If you need that motivation, maybe pay off a couple of small ones.

But the - I think the most important part is that you say, okay, this is my total debt; I want to get it paid off; how soon do I want to do that? Take a look at how much you're going to have to pay to get it paid off in three years or four years, or two years.

Jane Walstedt: Do any of our other speakers want to comment on that?

Diahann Lassus: This is Diahann.

I would just piggyback on that and say how critical it is that you make that decision to put, you know, a budgeted amount of dollars on paying them off and establishing your timeline to say when you want to have them paid off.

Once you make that commitment and you start seeing that progress, then it's great because you can really move toward it quickly.

Jane Walstedt: I think we have time for one more question, and I just want to point out for those of you who are WiSe Up participants, that is, you're participants in the demonstration project, there is - you can ask questions of the mentors online. So that's another opportunity to ask questions, and we'd encourage you to do so.

Trisha, I'll take one last question.

Coordinator: And our final question comes from Edith Ann Graham.

Edith Ann Graham: I just wanted to know if they could repeat the credit bureaus, the three that they named, and also that 1-800 number for the [opt out option under the Fair Credit Reporting Act.] [Editor's note: By "opting out," you can reduce the number of unsolicited credit and insurance offers you get in the mail.]

Jane Walstedt: Amy?

Amy Perry: Yes, the credit bureaus, the main credit bureaus are Equifax, TransUnion, and Experian.

And the 1-800 number for the free credit report, is that what you were looking for?

Edith Ann Graham: For that [opt out option under the Fair Credit Reporting Act] you gave a 1-800 number and then a Web site.

Amy Perry: Okay. It's 1-888-5-OPTOUT. And the Web site for that is [www.optoutprescreen.com](http://www.optoutprescreen.com). And that's the Web site and the number to stop the pre-approved offers from coming in the mail.

Edith Ann Graham: Okay, thank you so much.

Jane Walstedt: Trisha, how many more questions do we have?

Coordinator: We have six questions.

Jane Walstedt: Oh, my goodness.

I'm afraid we've run out of time, and I really feel sorry for those of you who didn't get your questions in. We had more questions than usual this time.