Jane Walstedt: And now I would like to turn the floor over to our operator to remind us how to ask questions. Daniela?

Coordinator: Thank you. To ask a question at this time, please press * 1. You may withdraw your question by pressing * 2. Once again, to ask a question, please press * 1. One moment, please.

Jane Walstedt: Thank you. I think while we are waiting for people to queue up for questions, I would like to throw a question out that I actually discussed with the three of you during our planning call, and that was what any of you think about holiday loans. Does anybody have an opinion about holiday...?

((Crosstalk))

Liz Weston: Well this is Liz Weston, and I will start. Really ideally the only time you would be borrowing money is when you are buying an asset that is going to appreciate in value, like a home, or if you are borrowing a moderate amount of money to fund an education or expand a business or start a business, something that has a pretty good chance of increasing your income.

You really do not want to borrow money for luxuries or for daily expenses or for the holidays. It is just a bad idea. If you cannot afford what you want to buy for Christmas or any other holiday, it is time to readjust your expectations. You really should not be borrowing and taking on more debt to pay for something that should be coming out of your current income.
Jane Walstedt: Thanks, Liz. What prompted me to ask that question was I belong to our credit union, and they sent out a notice saying, “Get extra cash you need this season with our holiday loan.”

Liz Weston: Oh, dear.

Jane Walstedt: That is why I brought it up. And Gail has a question here before we…Gail, do you want to ask it before we turn to the people in the queue?

Gail: Yes. I belong to the same credit union as Jane. And on that same piece of paper that she is reading from, they are offering skip a loan payment this season. Is there any downside to that? Is there an advantage to it?

Liz Weston: This is Liz again. I would take very…a very close look at the fine print of that. If you simply can skip a payment without incurring extra fees or extra interest, and things are really tight, that is something to think about. But, you know, every payment you skip is more time spent in debt.

And my concern about this is people would use this, you know, as an excuse to continue spending more than they should rather than doing the hard work of trimming their budget and getting their spending in line with their income so that they do not, you know, spend any longer in debt than they have to.

Jane Walstedt: Thanks Liz. Daniela, do we have a question?

Coordinator: We have a question from Helene Hagen.

Jane Walstedt: Go ahead, Helene.

Helene Hagen: Hi. I had a question. I know that Mr. George briefly discussed losses that you might have in terms of stocks this year. But I had a particular question about
stocks that I have held for some time that really at this point have little or no value, to the point where it is…while the company is still in existence, it does not make sense to me to pay a fee to sell these shares.

But if I am going to claim the loss, I would have to do that, or do I? And that is my question.

David George: Helene, thank you very much for that question. The answer is the Internal Revenue Service, in a matter of claiming any kind of a loss, would require you to sell the shares. So I would encourage you to, even though they have very little value, to perhaps take a look at - with a broker or individual that would be…or a firm that would be considered a low transaction fee firm--to be able to execute the stock sale as you deem necessary.

Helen Hagen: Okay. Thank you.

Jane Walstedt: David, wouldn’t it…wouldn’t she need to look at her gains and what she would need to do to offset those gains with losses?

David George: Well, in steps, that is correct in the overall picture. But I believe that her focus was on the issue of just the individual stocks where losses were there. So, but she does have to sell them.

But that is correct. In order to be able to calculate your taxes at the end of the year, you have to take into account all of your gains and all of your losses to come up with a net figure.

Jane Walstedt: Um-hmm. Okay. Thanks, David, and thanks Helene for that question.

Daniela, do we have another question?

Coordinator: Our next question comes from Maureen Hunt.
Jane Walstedt: Go ahead, Maureen.

Maureen Hunt: Yes. I was wondering about…you said the purchase of a car you could get a tax credit--a new car. Is that only new cars? I purchased a new used car.

David George: It is only new vehicles.


David George: Um-hmm.

Jane Walstedt: Okay. Daniela, do we have another question?

Coordinator: Our next question comes from Mike Masiello.

Jane Walstedt: Okay. Go ahead, Mike.

Mike Masiello: Hi.

Jane Walstedt: Hi, Mike.

Mike Masiello: Hi guys. I am fine, and great teleconference, as usual. Liz, I am a huge fan of yours, would love to ask your employer to go back to giving us a Web site where you are featured prominently on it. I do not know that that is a question, but we can’t…I can’t find you anymore on the MSN Web site. They got rid of all the financial stuff.

Liz Weston: Yes. It looks like you are looking probably at the new Beta. And...

Mike Masiello: Yes. Why…I mean...
Liz Weston: Hopefully.

Mike Masiello: ...stay out of the entertainment business. Go back to finance.

((Crosstalk))

Mike Masiello: That is what you guys do best.

Liz Weston: I will tell you, as writers, we have mixed feelings about that, as well. But you can always find me at www.money.msn.com/liz, and that is my expert page, so if you bookmark that, you can find my latest stuff.

Mike Masiello: Okay.

Liz Weston: And eventually--I haven’t seen the new…the Beta site, but...

Mike Masiello: Oh, it is terrible.

Liz Weston: ...it should be a little bit more customizable, hopefully.

Mike Masiello: Oh, it is terrible. It is much more lightweight, and no finance, no money, no common sense, no anything...

((Crosstalk))

Liz Weston: Oh, well. I will pass your comments along. But anyway, that is how you can find me on...

((Crosstalk))
Mike Masiello: Okay. Great. And keep up the good work, because I love what you write, and I love your process and philosophy on it.

Liz Weston: Well thanks so much, Mike. I appreciate it.

Mike Masiello: My pleasure.

Jane Walstedt: And thanks for getting on, Mike. Mike is one of our Wi$eUp mentors, who answers questions from the Wi$eUp participants. Okay. Daniela, do we have another question?

Coordinator: Yes. Our next question comes from Lisa Peraino.

Jane Walstedt: Go ahead, Lisa.

Lisa Peraino: Hello. David. I had a question regarding the tax repercussions for the first-time homebuyer credit.

David George: Um-hmm.

Lisa Peraino: I am planning on buying…purchasing a home by April so that I can get the full credit; however, I also plan on getting married next year. And my fiancé already owns a condo, so he is not eligible for the full credit. If I purchase it only in my name, how…does it matter as far as when we file our taxes that we are then married, you know, when tax time comes. Does it matter that I am only purchasing it in my name before our marriage?

David George: No. The rule is is that if you are married any time during the course of the year--and in this case 2010--that you would be deemed to be a married for the entire year as it relates to income.
Lisa Peraino: Okay.

David George: So unless you file a separate return, I suppose that there are possibilities on that. I am not an expert on this credit.

Lisa Peraino: Okay.

David George: I would have to defer your question to another individual. But nevertheless I believe that it would matter in terms of your situation. [Editor’s note: Mr. George provided the following information from the IRS Web site:  Q. If a single person (Taxpayer A) qualifies as a first-time homebuyer at the time he/she purchases a home with someone (Taxpayer B) that is not a first-time homebuyer and then later that year they marry each other, is the credit still allowed? A. Eligibility for the first-time homebuyer credit is determined on the date of purchase. If Taxpayer A, a first-time homebuyer, buys a house and then later that year marries Taxpayer B, not a first-time homebuyer, the credit is allowable to Taxpayer A. Taxpayer A may take the maximum credit.]

Lisa Peraino: Okay. Thank you.

David George: You are welcome.

Jane Walstedt: Thank you. I might just say here that we are going to send the questions that are asked on this teleconference to our Wi$eUp experts. So they may have additional responses.

Okay. Daniela, do we have another question?

Coordinator: Not at this time. There are no further questions.
Jane Walstedt: Okay. Well one of the registrants sent in a question, and I was telling the speakers about this before the call started. And let me throw that out there. You all have been forewarned. And anybody who has a response is welcome to respond.

And that was, “How much can a person generally expect to pay to get their credit restored? What are some good companies out there? Have you heard of the credit restoration company Credit Trax--T-R-A-X? Does anybody want to give that a shot?

Liz Weston: This is Liz. Because I wrote a book about credit scoring, I will take a whack at that.

Jane Walstedt: Okay.

Liz Weston: Basically there is nothing a credit restoration firm can do for you that you cannot do for yourself. And these days we know so much more about how credit scoring works. And the credit dispute process is so much easier for consumers to use than it was a few years ago.

I would not pay anybody for this kind of a service. I mean you can find my book at most local libraries. It is called Your Credit Score. You can go on the Internet. There are a few sites that are very good. Credit.com has a lot of information about credit scoring. MSN Money has information about credit scoring and what you should do to clean up your credit report and improve your credit.

The problem with firms touting themselves as credit restoration [firms]--and I do not know the firm that the questioner is referring to specifically--but so many of them basically are scams. And the ones that aren’t, as I said, are doing things you can do for yourself essentially for free.
So, one of the problems I see is that people get into credit trouble in the first place often because they are impulsive or they want something now, and they do not want to, you know, take time to think about it or work it into their budget.

And I am afraid a lot of these firms play on that, promising instant results or quick results. And that is simply not possible. If you have bad credit and you have earned that bad credit, it is going to take a while to turn it around and earn good credit.

If you are the victim of identity theft, you need to know those resources and work that angle. The ID Theft Resource Center in San Diego is a huge and wonderful repository of information about fighting ID theft and recovering as a victim. But these credit restoration firms typically are not the way to go.

Jane Walstedt: Do you know, Liz, whether the Federal Trade Commission keeps information on companies that, you know, have bad records or...?

Liz Weston: Well, the problem with these companies is that they go in and out of business so fast.

Jane Walstedt: Yes.

Liz Weston: I once referred to the worst players in this area as like cockroaches. You know, the FTC tries to stamp them out and, you know, walks away, comes back, turns on the light and they are scampering out, you know, in the kitchen all over again. So...

Jane Walstedt: Right.
Liz Weston: They…you cannot really depend on Federal regulators to keep the bad guys out of business. They are just going to keep coming back. So you do have to be a very aware and careful consumer in this area.

Jane Walstedt: Right. Did I hear somebody else wanting to chime in?

Erika Safran: Yes. Yes. It is Erika. What I wanted to clarify was - well I should say just to add--is that many people want to erase their bad credit or they want to remove the bankruptcies from their credit records.

The facts on the credit report never change. So there is no one that can make those facts go away. If it is an error, it might be resolved. But if it exists and it is a reality, you cannot pay anyone, you know, I couldn’t pay a million dollars to make that go away.

((Crosstalk))

Liz Weston: Yes. That is a good point.

Erika Safran: Offers to remove it are really a scam.

Liz Weston: Yes. That is a really good point. The really slimy ones will start you a new credit file or try to start a new credit file. And I will say this, if there is one thing worse than having bad credit these days, it is having no credit. It is really tough to get started in this environment.

Jane Walstedt: Hmm.

Liz Weston: And, you know, the bankruptcy itself will fall off after a while. If it is a Chapter 13, it should be gone within seven years. If it is a Chapter 10, it can stay on there for ten years. But you can start resuscitating your credit right
after it is discharged. You can start improving your credit. You do not have to wait for it to fall off. You do not have to try to get it erased to get better credit.

Jane Walstedt: Um-hmm.

Erika Safran: But I think that the U.S. Bankruptcy… I know the U.S. government has a list of credit counselors that have been approved by the U.S. Bankruptcy Trustees, which is an important…maybe I will share that after the fact. I will email it out and we can...

[Editor’s note: According to the Federal Trade Commission’s brochure, produced in cooperation with the Department of Justice’s U.S. Trustee’s Program, entitled “Before You File for Personal Bankruptcy: Information About Credit Counseling and Debtor Education” (http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre41.pdf), the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 requires that people who plan to file for bankruptcy protection must get credit counseling from a government-approved organization within 180 days before they file. They also must complete a debtor education course to have their debts discharged. The Department of Justice’s U.S. Trustee Program approves organizations to provide the mandatory credit counseling and debtor education. Only the counselors and educators that appear on the U.S. Trustee Program’s list can advertise that they are, indeed, approved to provide the required counseling and debtor education. Check the list at www.usdoj.gov/ust/eco/bapcpa/ccde/cc_approved.htm or at the bankruptcy clerk’s office for the district where you will file.]

Jane Walstedt: Hey. We can...

Erika Safran: …send it out to who is interested.
Jane Walstedt: We can always add it to the transcript.

Erika Safran: Okay.

Jane Walstedt: Okay. Daniela, did anybody decide they wanted to ask a question in the meantime?

Coordinator: Yes. Our first question comes from Lisa Peraino.


Lisa Peraino: Thank you. I have another question for all of you. Nobody has spoken about it directly today, but I have a question regarding Federal grants available to small, women-owned businesses. My sister has received several telephone calls sort of canvassing her for interest in these. And she is interested.

However, I am skeptical of the calls coming in to her and wondering if anybody had a source for legitimate Federal grants available for small women-owned businesses.

Erika Safran: Oh, my. I do not think that you need to join any organization to receive a Federal grant. And I do not think that the consumer needs to pay to become eligible [for or knowledgeable] about a grant.

The only thing I would say is if you are suspicious, write the name of the firm that is calling you onto your Web browser - into your Web browser--put the word “scam” after it, and see what happens. And that is a good way to uncover a lot of questionable practices.

But I would say anyone who is calling you to offer you a grant...
Lisa Peraino:  Um-hmm.

Erika Safran:  ...you cannot cold call for a grant.  They do not know your situation.  They do not know your circumstances.

Lisa Peraino:  Okay.

((Crosstalk))

Liz Weston:  Hey, Lisa.

Erika Safran:  So I would discount it.

Liz Weston:  Yes.  I agree, Lisa.  And this is Liz.  I would suggest that your - is it your sister-in-law or your sister?


Liz Weston:  Yes.  Suggest your sister check out the SBA site--the U.S. Small Business Administration site (www.sba.gov).  There is a wealth of resources there about getting financing and, you know, other opportunities.  And also, if there is a NAWBO chapter in your area--that is the National Association of Women Business Owners--it is a great networking group and a great way to find out about business opportunities and grants and stuff like that.

Lisa Peraino:  Great.  Thank you very much.

Jane Walstedt:  You are welcome.  Do we have another question, Daniela?

Coordinator:  Yes.  The next question comes from Marion Zajac.  Your line is open.
Jane Walstedt: Go ahead, Marion.

Marion Zajac: Yes. Good afternoon. It is good to speak with you. I have listened to a number of your Web conference calling. So I just wanted to comment, since my area of expertise is actually in entrepreneurship, and particularly for women.

There are no grants for Federal or State for any for-profit businesses. By and large, they need to be…they are addressed to non-profit organizations. But, however, the one lady made a very good recommendation about the excellent Web site that the SBA offers.

And under the SBA tree of services, there is something called micro lenders, who take more risks. And their interest rates are a little bit higher for women - for all small business owners, including women and minorities; however you will find that they will take more risk certainly than the banks this day and age.

And there are actually a couple of other groups, as well. And I would be glad to supply that if there is interest. But at any rate, my question…I heard one of the presenters make reference to a number of the Web sites, like I think deal.com was one of them. And I was not able to write them down quickly enough.

And then I also just heard a reference to the ID theft services that come out of San Francisco. And I was interested in those Web sites, as well, so that I can transfer that - some of that information--to my entrepreneur audience here in New Jersey.

Jane Walstedt: Liz, I think that was from you, wasn’t it?
Liz Weston: Yes. The deal sites that I mentioned…for one thing, you can put “Have a Tightwad Christmas”—that title—into your search engine, and it will call up the MSN column I was talking about.

Marion Zajac: Okay.

Liz Weston: But the deal sites I like are called Deal News.

((Crosstalk))

Marion Zajac: Deal News.

Liz Weston: D-E-A-L News--N-E-W-S-.com. Deal News, My Bargain Buddy and Slick Deals.net. And I am sorry I was a little bit of a fire hose of information there. I ran right through those. But if you start poking around, you will find they all have a little bit of a different twist, but I think Deal News is probably the most...

Marion Zajac: Um-hmm.

Liz Weston: …comprehensive of them and the easiest to use. They have an Editor’s Choice feature. So they are pulling out the ones that they think are especially good deals. So that is something to check out. And I am sorry, what...

((Crosstalk))

Marion Zajac: Okay. And what was…what was the address to the MSN again?

Marion Zajac: Hmm.

Liz Weston: That is the MSN Money Web site, or you can simply go to www.msn.com.

Marion Zajac: Okay. Very good. Thank you.

Liz Weston: Quite welcome.

Jane Walstedt: Thank you, Marion. And, Daniela, do we have other people in the queue?

Coordinator: Yes. Our next question comes from...

Jane Walstedt: Can I…I am sorry. Can I just ask you how many?

Coordinator: Three.

Jane Walstedt: All right. We are going to take those three more and then no more, because we are running up against the hour. I will let it go over a little bit. So let’s just do those last three.

Coordinator: Okay. Our next question comes from Helene Hagen.

Helene Hagen: Hi. I was going to ask also for clarification on a passing reference by Mr. George to a tax credit for Civil Service retirees who were not covered by Social Security. That is the first I have heard of that, and I was wondering if he could reference where one could find further information about that.

David George: I will track down that and have it available through Jane here... [Editor’s note: The refundable tax credit of $250 for 2009 for federal retirees under the Civil Service Retirement System emanates from Sec. 2202 Special Credit For Certain Government Retirees of the new law P.L. 111-5 – American Recovery
and Reinvestment Act of 2009. The Internal Revenue Service has indicated that to claim the credit qualified individuals must file a tax return and will generally be required to complete a new Schedule M.]

Helene Hagen: Oh.

David George: ...after the call.

Helene Hagen: Okay. I appreciate it.

Jane Walstedt: We will add it to the transcript.

Helene Hagen: Okay. Great. Thank you.

David George: Thank you, Helene.

Helene Hagen: All right.

Jane Walstedt: Thanks, David. Okay. Daniela?

Coordinator: Next question comes from Maria Maletti.

Jane Walstedt: Go ahead, Maria.

Maria Maletti: Hi. Thanks very much for the teleconference. I have a question on the first-time homebuyer credit for Mr. George.

David George: Um-hmm.

Maria Maletti: I was wondering if the credit is still based on your 2009 income that has been extended for April 30…until April 30, 2010. And what is the phase-out level?
David George: It would be the year in which the transaction took place, so whether or not… whether you close the purchase of the home in either 2009 or 2010. Then on…in terms of the phase out, [it] begins on a--the credit--at $125,000 for a single taxpayers and $225,000 for married couples filing joints returns.

Maria Maletti: Okay. And is that income level based on your… the year that you buy the house or is it still based on your income for 2008?

David George: In the year that you purchase the home. And it would be modified adjusted gross income is the term that is used. There are some calculations that need to be made to determine the amount of your credit. [Editor’s note: Mr. George provided the following clarification: For an eligible purchase in 2009, a taxpayer can choose to claim the credit on either a 2008 or 2009 income tax return. For an eligible purchase in 2010, a taxpayer may choose to claim the credit on either a 2009 or 2010 return.]

Maria Maletti: Okay. Great. And can I find out more about that on the Internal [Revenue Service] Web site?

((Crosstalk))

David George: Yes. I would put in your search engine “homebuyer credit.” I did actually happen to see a good site on that information from, I want to say it was, the National Association of Realtors. That should give you quite a bit of information. And certainly the Internal Revenue Service Web site would also provide you that information.

Jane Walstedt: I think even David that because it was relatively recent [the extension of the credit], it is on the home page of the IRS.
David George: That is probably true.

Jane Walstedt: Yes.

Maria Maletti: Thank you.


Coordinator: Thank you. One moment. Our next question comes from Sondra Williams. Your line is open.

Jane Walstedt: Go ahead, Sondra.

Sondra Williams: Hi. Can you hear me?

Jane Walstedt: Yes.

Sondra Williams: Okay. I wanted to know, “Does closing your credit card affect your ratings if you decide to close them with a balance?”

Jane Walstedt: Liz, I know that is...

Liz Weston: Right up my alleyway.

Jane Walstedt: Right.

Liz Weston: The short answer is yes. Closing a [credit] card can hurt your credit score. It… there is a widespread myth that closing accounts can somehow help your score, but that is not true.
Closing accounts, what it does is it shrinks that all-important gap between the balances you are using and your available credit. So you want to try to avoid closing a card, but here is the kicker.

We have been seeing so many changes from the credit card companies, and if it is a choice of having your interest rate go up to 20% or above and closing an account, I would strongly go for closing the account if you can’t keep your current interest rate.

The…here is what to keep in mind. If you have high scores--say 720, 740 and above--and generally you have good credit, and you have other accounts, like a few other credit card accounts, I would not be too worried about closing a single account.

When you want to be very careful about closing accounts is if you already have poor credit or if you are about to be in the market for a major loan like an auto financing or a mortgage. In that case, you kind of have to bite the bullet, keep the account open, wait until you get the major loan, and then close it down.

So it is a fairly complicated situation, but the short version is that closing a [credit] card if you have good scores is typically not a major hit, although you do want to avoid it right before you go for a major loan.

Sondra Williams: Okay. So now if it does affect it, how long will it affect it for? Is it...

Liz Weston: You know, the effect of any negative starts to fade almost immediately, as long as you handle your other cards responsibly.

Sondra Williams: Right.
Liz Weston: And there is no set answer, because your score is based on a lot of different information in your credit file, and it is going to vary from person to person. So...

Sondra Williams: Uh-huh.

Liz Weston: ...if you are the person I was describing, where you have good scores and lots of other accounts...

Sondra Williams: Yes.

Liz Weston: ...the effect is probably going to be minor and it is not going to last. If it is your only credit card, it can have a major effect, and that effect could last until you get another card.

((Crosstalk))

Sondra Williams: Oh okay.

Liz Weston: Beyond that….So...

Sondra Williams: Right.

Liz Weston: ...it really varies.

Sondra Williams: Yes. Because I have other cards that I have a fairly good history on, and the credit is pretty good. So it is just that they decided to increase the credit…the interest rate.

Liz Weston: Yes.
Sondra Williams: And that is why I decided to close it.

Liz Weston: Well, I actually have an article on this very issue that is going to be out on Thursday. So...

Sondra Williams: Okay.

Liz Weston: ...you can see some of the subtleties that go on. But for most people, if they have good credit and other accounts, and something like this happens where the credit card company will not back off the rate increase...

Sondra Williams: Right.

Liz Weston: ...closing it is probably the right course.

Sondra Williams: Right. Okay.

Liz Weston: Okay.

Sondra Williams: Thank you.

Liz Weston: Thanks for your question.