Jane Walstedt: ...I would like to turn to…I would like to ask Kelly Jenkins-Pultz, who works for our San Francisco Regional Office, to introduce our second speaker.

Kelly Jenkins-Pultz: Thanks, Jane. Liz Pulliam Weston is a journalist, author and commentator widely known for her award-winning columns on personal finance. She has been writing for over 20 years, beginning her career at the *Seattle Times* and also writing for the *Anchorage Daily News*, the *Orange County Register*, the *Los Angeles Times* and MSN.

At MSN she writes a syndicated column, “Money Talk,” that appears in newspapers all over the country.

The third edition of Ms. Weston’s book, *Your Credit Score, Your Money & What’s at Stake: How to Improve the 3-Digit Number that Shapes Your Financial Future* was published in March and is a national bestseller. She is also the author of *Deal with Your Debt: The Right Way to Manage Your Bills and Pay Off What You Owe* and *Easy Money: How to Simplify Your Finances and Get What You Want out of Life*.

Ms. Weston is highly sought for her ability to make the most complex money topics understandable to the average reader. She has appeared regularly on television and radio programs such as NPR’s “Talk of the Nation,” “All Things Considered,” and American Public Media’s “Marketplace Money,” as well as “Dr. Phil,” “The Today Show,” NBC Nightly News and CNBC’s “Power Lunch.”
Ms. Weston is a graduate of the University of California, Irvine certified financial planner training program. And she received the 2007 Clarion Award for her MSN series on Financial Benchmarks.

And in 2008, she was awarded a “Best in Business” honor from the Society of the American Business Editors and Writers. We are so pleased that Liz Pulliam Weston can join us this morning. Liz...

Liz Weston: Thanks so much, Kelly. I really appreciate the introduction. I have been asked to talk about three areas. One, I wrote a column for MSN called “How to Have a Tightwad Christmas,” that talks about ways that you can think of to save money during the holiday season.

I also want to talk about the changes that are going on with credit cards these days and what you can expect in February when the Credit Card Reform Act’s final provisions go into effect.

So, starting with the first one, “Having a Tightwad Christmas,” this is…or a holiday, you know, whatever holiday you happen to be celebrating in December, one of the ways to really get the cost down is to trim that gift list. And I think we have let it grow over the past few years because times were good. And last year was probably the first year that a lot of people took a look and realized, “You know what. We are spending a lot of money and we are not sure it is going to the right places.”

So, first thing you can do is write down everybody that you are planning to buy gifts for and give that a good hard second look. Maybe you should be going out to coffee with friends instead of exchanging gifts. Maybe you can draw names out of a hat if you have a large extended family.
A lot of families focus on giving gifts to the children and bypass giving gifts to adults. Anything you can do to get that list down is going to help you save some money.

Having a potluck instead of a dinner, you know, having a cookie fest instead of a roast, something that, you know, brings people together but doesn’t require a lot of spending is another good way to save money, because a lot of gift money gets spent on entertaining at this time of year.

If you are on the Internet, check out some of the deal sites, because they really track the great deals that sometimes only last for a few hours or a few days. Some of those that I check include dealnews.com, My Bargain Buddy, slickdeal.net and Fat Wallet. All of these sites and many, many more cruise the Web for all the best deals that are going on and bargains and alert you to them.

They can also show you how to use online coupons on top of any discounts, to get the absolute best price for people that you are buying for.

Something else I wanted to point out. If you have a lot of change, if you take it to one of the change machines, a lot of them that count the change for you will give you gift certificates. If you just take back money from those change counters, you typically pay a nine to 10% fee to do that. But if you get a gift certificate, you typically get all your money back.

And when you use a Coin Star sorter before December 6th, they are actually giving you an extra $10 for every $40 you change. So that is a great way to turn the change that is around your house into money that you can use for presents.
If you have rewards credit cards—and most credit cards these days come with some kind of rewards program—look into converting those to gifts. If you get cash back, you can use that or you can see how you can use your points to buy merchandise, [or] a plane ticket for someone. There are lots of ways to turn those rewards into good gifts, large and small.

If you have got some gifts that you did not particularly like last year, you might consider selling those on eBay or another auction site or Craigslist to raise a little extra cash.

If you have a job where there are perks like discount theme park tickets, discount movie tickets, that is another good way to buy a gift for somebody at a discount. You are typically not supposed to sell those, but you usually can give them as gifts. So check with your job.

If there is a two for one deal out there, consider using that. Magazine subscriptions, museum memberships, those are great ways to, you know, get something for your own family and get an extra deal for a friend.

If you have doting grandparents, the great way to make them happy is to give them pictures of their grandchildren, or if you are at all good with Photoshop or have a photo retoucher in your area, getting an old photograph retouched and restored is a wonderful gift for a family member.

A word about regifting—if you’ve got something that you cannot use, but is still kind of cool, it is okay to give it away again. Just make sure that it is something that the recipient would like and make sure you are not giving it back to the person who gave it to you.

There is a column on the site on MSN called “Twelve Rules for Regifting Without Fear.” So you can look that up and see how you go about that.
Those are just some ideas to think about, about ways to get the cost down. It really is important to have some kind of a budget before you start shopping. Carry that budget with you. Be vigorous and thorough about what all the expenses are going to be, because they do add up over time.

One of the reasons that you really want to be careful this year is the credit card companies have dramatically changed the rules in the past really two years. It started happening January, February of last year and has continued through this year where credit card companies are a lot stingier about the deals they are offering and they are being very, very strict about, you know, how much credit they are giving.

If you have not been affected by these changes, you are probably a very rare person, because just about everybody I know has had interest rates raised, they have had their credit limits lowered, they have had inactive accounts closed. And some of those things can affect your credit score.

So this is a change, as I said, that started well before Congress passed and President Obama signed the Credit Card Reform Act. But that Act has certainly accelerated the credit card issuers’ desire to reign in how much credit they have available.

So you want to be very careful about these things, as I said, because they can affect your credit scores. If you are notified that a rate has been increased or a credit limit has been lowered and you have good credit--if you have credit scores of 740 or above--you have lots of options. You have lots of leverage and you can push back and say, “I do not want to accept these changes” or “I would like you to rescind these changes.”
And if they don’t, you can transfer your business to another card. I recommend cardratings.com, creditcards.com. You can look for competing offers or simply go to your credit union. Because credit unions are owned by members, they tend to have better interest rates. It is a pretty good way to get started with credit and also to manage your credit if you do have credit card debt.

I strongly recommend if you do have credit card debt that you think about getting that paid off. As Erika said, it is really important for your financial life, your financial plan, not to have this toxic debt hanging around your neck. And you certainly do not want to add to it this holiday season, because any time that you have this debt, you are essentially putting yourself at the whims of these credit card companies.

And as people have discovered, they can change the terms with very little notice. And there will be some restrictions on that coming up, but it is still a dangerous place to be and to have credit card debt.

So for my final couple of minutes, I will tell you about some of the changes that are coming starting February 22. We have already had some of the Card Act--the Credit Card Reform Act--provisions go into effect.

Credit card companies are now required, for example, to give you 45 days notice of any changes. That is a big change from the two weeks that they were required to give you before. So if there is a change to your account, you have some time to shop around and look for alternatives.

The provisions that are most important that are going into effect in February are that the card companies cannot change the rate on your existing balances unless you are late with two payments in a row--unless you are 60 days or
more overdue. And that is a big change, because until now, credit card companies have been able to change your rate for any reason at any time.

I will say that most cards these days have been switched to variable rates. So although there are going to be new definitions for what a fixed rate card is, almost every card or the vast majority of cards in existence now are variable rate, which means they are tied to some underlying benchmark.

So when interest rates go up in general, yours will go up on your card, if it hasn’t been changed already. And a lot of credit card companies, in anticipation of the Credit Card Reform Act going into effect, have raised rates.

So even if you think you have a fixed rate, you probably don’t. And if you have it, it will not stay for long. So that is yet another reason not to carry credit card debt.

The other…I said there are several big changes, but the one that is probably most helpful is the fair payment allocation. In the past, credit card companies would take your payment and apply it to the lowest rate balance on your credit card. So if you got a 2.9% balance transfer offer, and then you bought some things, and that is accruing at 19%, your payments would be allocated to the 2.9% balance, which would keep you in debt longer and paying that higher rate longer.

Now the payments [under the Credit Card Reform Act], after the minimum payment is covered, are going to that higher rate. So that should help you get out of debt quicker, as well. And I think that is all the time I have.

Jane Walstedt: Well thank you very much, Liz. You have covered a lot of ground there, and you gave some very helpful suggestions for Christmas shopping. I just want
to remind our listeners, for those who do not know, as our Operator said, the
call is being taped. So if it is a lot of information for you to absorb as we are
speaking, you can…the call will be posted in three formats on the Wi$eUp
Web site afterwards, after we get a…receive it from the conference call center
and have a chance to edit it.