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CARE Program - The True Cost of Consumer Credit

By Hon. John C. Ninfa, II



Like ONLY 40% of Americans with credit cards, I am a proud "deadbeat." I don't put anything on my credit card that I can't pay for in full and on time at the end of the month. I never pay any interest or any of those hidden fees. I even get as much as a free 50-day loan, depending on when I charge something. I guess that's why the industry considers me a "deadbeat." I don't care what the interest rate is on my one credit card (it's actually over 19% even though I think I have great credit); and I don't worry about those fees that account for 35% of the credit card companies' gross revenues (dreamed up by batteries of smart MBAs and lawyers and then buried in the small print of the contracts that no one ever reads). How about those fees that they just add to your bill to see if you pick them up?

In the days before deregulation, the model used to be to lend money to people

who can pay you back at a reasonable interest rate, so you can make a reasonable profit. Today, the model is to lend money to those hungry consumers who treat loans, like credit card and home equity loans, as if they are income or new or free money, instead of debt. They will pay you enough in exorbitant interest and fees, even if they have to borrow more money to do it, so you can make an egregious profit.

Recently, I received an expected \$3,500 credit card bill after doing a lot of traveling for the CARE Program. To my amazement, the minimum payment I was required to make was only \$15. That was strange, since at my 19% rate, the interest alone for one month was over \$55. If I had made that minimum payment, even if I didn't charge anything the following month, my next bill would have been \$3,540 plus interest at 19%, including 19% interest on the \$40 of interest that I didn't pay the month before. Of course, if I charged anything that next month, I would also have to pay interest on everything I purchased from the moment I

charged it, instead of getting that free loan. Then, when I received my next bill, I would have been caught up in the downward debt spiral that too many Americans are in. They just keep charging and make a minimum or a slightly greater payment with no real plan for how they will actually pay off their balances. They pay interest on interest, two or three times more for everything, and are at the mercy of the credit card companies that, at any time, can raise their interest rate or minimum payment, or even demand full payment. (Do you know what those contracts actually say?)

Bottom line - incurring consumer debt and paying high rates of interest and excessive fees is mortgaging your future. Those payments have to come from somewhere, so in the long run, you will spend more for everything and have less to spend on the things you may really need. No loan, even the smallest charge on a credit card, should ever be incurred without analyzing how much it will actually cost to repay it and whether it is really worth it. You can't afford to be on automatic pilot borrowing.

Spread the word - the best way to manage debt is to avoid it.

1st Annual Christopher Columbus Day Parade

By Maria N. Ciardi

At one of the first meetings held by the Italian Civic League (ICL) this year, long-time member Joseph Capogreco re-stated a suggestion he had repeatedly made in the past, i.e., to organize a Columbus Day Parade, the likes seen in New York

