



New York State Comptroller Thomas P. DiNapoli

Your Money

New York

Summer 2009

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Where do your tax dollars go?

To improve State and local government transparency and accountability, Comptroller DiNapoli's initiative called **Open Book New York** gives taxpayers access to State and local government spending and contract information. Visit www.openbooknewyork.com to find out how your money is being spent!

Message from Comptroller DiNapoli

Welcome to the summer edition of *Your Money New York*.

As the ongoing recession continues to challenge us all, individuals and families in New York State and across the nation are doing their best to weather this economic storm. Though it is impossible to predict exactly when this recession will end, when it does end, smart decisions made now – like increasing savings and reducing debt – will help individuals and families emerge in a better financial position. People are already taking steps to shore up their finances. The personal savings rate in the United States has gone from being negative in 2005 to hovering around five percent of personal income thus far in 2009.

As New York State's Chief Fiscal Officer, I am doing everything I can to help the State get its own financial house in order. I am very concerned with the levels of spending, debt and new taxes included in the State's 2009-10 Enacted Budget. You can read more about my specific concerns in the Report on the State Fiscal Year 2009-10 Enacted Budget available on my website. I have urged the Legislature and the Governor to pay close attention to our monthly cash reports, which monitor State revenue and spending.

I have also called for comprehensive reform of State fiscal practices, which, if implemented, will strengthen the State's financial picture and provide New Yorkers with a more affordable government. This newsletter includes an article that outlines my reform proposal.

You may be familiar with my *Open Book New York* initiative, which I launched in 2008 to provide detailed information on State and local government spending and contracts. Starting this summer, you will be able to track how New York is spending its federal stimulus money, including projects that may be underway in your area. This expansion of *Open Book* reflects just one part of my continuing commitment to improving transparency and accountability in government for all New Yorkers.

Sincerely,

Thomas P. DiNapoli
State Comptroller



Did You Know?

- New York's overall debt level is second highest in the nation.
- In 1985, over 40 percent of State debt outstanding was approved by the voters. Today it is less than six percent.
- Debt service (which is the annual cost to repay the State's debt) is one of the fastest growing major categories of spending.
- The average annual issuance rate of new State-Supported debt is projected to be 50 percent higher over the next five years than the previous five-year period.

Comptroller DiNapoli's Reform Agenda

Comptroller DiNapoli has been actively advocating for reform of the State's fiscal practices to reduce spending and debt; increase oversight, accountability and transparency of the State's budget; and make government more affordable for all New Yorkers. Key measures include:

- **Require multiyear budgeting.** The State currently budgets just one year at a time, knowing it faces future shortfalls amounting to billions of dollars. Multiyear budgeting would: require the development of plans to close the State's budget gap in both the current year and for any projected future shortfalls, restrict the use of nonrecurring revenue or "one-shots," and ban the use of reserves except in times of economic distress.
- **Enhance budget information and expand public participation.** Clear, useful and timely budget information and public meeting requirements would allow New Yorkers to play a more active role in developing the State budget, to ensure an affordable budget that better serves the people.
- **Prioritize capital spending.** The State should develop a long-term, comprehensive capital plan to identify and prioritize investment needs for infrastructure maintenance and construction, including roads, bridges, and sewer and water systems. This would result in a well-maintained infrastructure better able to support economic growth. It would also ensure that New Yorkers' tax dollars are being wisely spent.
- **Limit State debt.** The State should reduce its debt with an effective debt cap that is constitutional, because the current statutory debt cap has proven to be ineffective. Non-voter approved public authority "back-door" borrowing should be replaced with voter approved debt issued centrally.
- **Improve public authority oversight.** Measures are needed to reign in New York's "shadow government," including efforts to reduce the number of public authorities, improve their management and oversight, and return accountability to New Yorkers.

These reforms will not solve all New York's problems overnight, but they will set the State on a course for financial stability.

Is the State Holding Your Money? Unclaimed Funds Events

New York State is currently holding \$9.9 billion in unclaimed funds. Comptroller DiNapoli's Office holds outreach events all year to help reconnect New Yorkers with their money. To see if there's an upcoming event near you, visit www.osc.state.ny.us/ouf/outreach/index.htm or search the online database for your name at www.osc.state.ny.us/ouf/index.htm, where you may also find answers to frequently asked questions and learn how to file a claim. The State never charges a fee for this service, and there is no time limit to make a claim.

- **What funds become unclaimed?** Funds turned over to the State include: savings and checking accounts, uncashed checks, telephone/utility and rental security deposits, wages, insurance benefits and policies, stocks and dividends, mutual funds, certificates of deposit, trust funds and estate proceeds.
- **How do funds become unclaimed?** You might have moved and didn't claim your security deposits; opened a bank account and then forgot about it; lost or forgot to cash a health insurance check; neglected to cash interest or dividend checks on a security; or left a job and missed your last paycheck.
- **What information is needed to make a claim?** The proof that is required varies based on the type of account being claimed. A signature, social security number, and proof of connection with both the account and the address of record are generally required.

New Credit Card Rules to Protect Consumers

On May 22, 2009, President Obama signed into law the Credit Card Act of 2009 to improve the fairness and transparency of credit card company practices. The Act takes effect in February 2010 and includes provisions related to consumer protection, improved disclosure requirements, young consumer protections, and gift cards. In response to the new law, credit card companies have indicated plans to increase fees and take other actions that will impact credit card users in ways not yet fully known.

The Act addresses some credit card company practices considered by consumer advocates to be abusive, and responds to consumer complaints about increasing hidden fees and charges, abrupt and significant increases in interest rates, and other practices that hurt consumers' ability to get out of debt. According to White House estimates, each year consumers pay \$15 billion in credit card penalty fees alone. The following provides a brief overview of the consumer protection provisions in the law:

- **Protection of credit card holders.** Credit card companies must provide at least 45 days advance written notice of increases in interest rates, fees, or finance charges, and must allow consumers to cancel their accounts without penalty and without triggering an obligation to repay the full amount owed immediately.
- **Limits on fees, penalties and interest rate increases.** Creditors are prohibited from increasing Annual Percentage Rates (APR), fees, or finance charges on existing balances (with exceptions such as promotional offers, variable rate terms, hardship arrangements or in response to late payments). Changing the terms of repayment of outstanding balances is also prohibited. For new accounts, increasing interest rates, fees, or finance charges within the first year is prohibited (with exceptions).
- **Interest rate reduction.** If a creditor increases a consumer's APR based on factors like credit risk or market conditions, at least every six months the creditor must review accounts where the APR has been raised since January 1, 2009 to determine if the factors have changed and the APR should be reduced.
- **Limits on certain billing practices.** Double cycle billing (where finance charges are added based on previous billing cycle balances) and charges for on-time payments are prohibited. Creditors can only charge over-limit fees if the consumer opts-in to allow over-limit transactions. Payment method fees (whether by mail, electronic transfer or phone) are also prohibited, unless they are charged for expedited service by a creditor's representative.
- **Prompt and fair crediting of payments.** Creditors must apply payments above the minimum payment to the card balance with the highest interest rate. If any material changes to procedures for handling payments are made that delay the crediting of payments within 60 days of the change, late fees are prohibited.
- **Timing of payments.** Creditors must deliver statements at least 21 days before the payment due date. New finance charges can't be imposed for payments made within grace periods unless the amounts upon which the charges for the period are based are included within the consumer's statement. Due dates that change each month and charges due to weekend or holiday due dates are prohibited.
- **Standards for subprime or "fee harvester" cards.** If the credit card terms require a fee in the first year more than 25 percent of the authorized credit line, no payment of fees may be made from available credit in the account (other than late or over-limit fees or fees for payments returned due to insufficient funds).

To participate in the New York Consumer Protection Board's Credit Card Reform Survey, which will monitor the practices of credit card companies related to the new law, visit www.consumer.state.ny.us/pressreleases/2009/may282009.htm, or visit http://maloney.house.gov/index.php?option=com_issues&task=view_issue&issue=298&Itemid=35 to learn more about how the new law may impact you.



Tips for Using Credit Cards Responsibly

1. **Understand your credit card terms.** Read any change in terms carefully and monitor any new fees, charges and conditions.
2. **Don't carry balances month after month.** This will help keep your finance charges low.
3. **Pay more than the minimum.** Even \$20 more a month could make a big difference in your total interest costs.
4. **Avoid cash advances.** These usually carry higher interest rates and fees.
5. **Pay on time.** This will help you avoid late fees and higher interest costs, and will help boost your credit score.
6. **Stay under your credit limits.** Exceeding credit limits is a money-maker for credit card companies, both in fees and higher rates.
7. **Monitor your interest rates (APR).** Call your credit card company to request lower rates, and pay down your highest rate cards first.

Maintaining Financial Stability in Uncertain Times

There are few things more stressful than worrying about whether you will be able to put food on your table or keep a roof over your head. In these difficult economic times, more of us are sharing that concern. And while we may not have control over the global economy, we can take steps to take control of our personal finances.

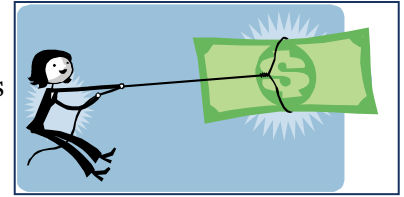
Here are three basic tips for stabilizing your finances to help get through these tough times.

1. Create a Household Budget. It is more important than ever to have a budget, so you can see more clearly where you might be able to cut back if necessary. To do this, you need to identify your sources of income, including your wages or salary, Social Security or pension benefits, and child support payments.

Next, identify all your fixed and flexible expenses. Fixed expenses include your rent or mortgage, credit card payments, insurance costs and utility bills. Flexible expenses include food and entertainment as well as other discretionary spending like cable television, cell phones and holiday spending. You can find ways to reduce or eliminate flexible expenses with some thought and effort.

The goal is to balance your income and your expenses, and try to have some money left over for savings and for reducing debt. Once you create a basic budget, you can then set more ambitious financial goals.

The U.S. Securities and Exchange Commission provides a roadmap to help you set and meet your financial goals.



Visit www.sec.gov/investor/pubs/roadmap.htm.

2. Build an Emergency Fund. Once you have a household budget, start cutting costs wherever you can, and use any savings to build an emergency fund to pay for unexpected expenses. A financial cushion of at least six months of living expenses will give you some peace of mind in the event of a job loss or a medical emergency. Avoid the temptation to tap into your fund except in emergencies, and revisit it each year to make sure it is still enough to cover your costs if it becomes necessary.

3. Eliminate Your Debt. This is the simplest, but perhaps the most difficult tip. The first critical step towards eliminating credit card debt is to stop using the cards. Next, identify your highest interest cards and pay them down first. Call your credit card companies and request lower interest rates. If you feel your debt has grown beyond your ability to manage, contact a credit counselor, but beware of scams. The New York State Banking Department can connect you with approved counselors to help you solve your debt problems. Call 1-877-BANK NYS or visit www.banking.state.ny.us/brgods.htm for help.

Resource Guide

You can learn more about the topics discussed in this newsletter from the following websites.

Additional Information from the Comptroller:

Where can I find the report *Borrowing for College*?

www.osc.state.ny.us/press/releases/may09/051809.htm

Where can I find Comptroller DiNapoli's reform agenda?

www.osc.state.ny.us/press/releases/may09/051409.htm

Unclaimed Funds:

How do I check if the State is holding my money?

www.osc.state.ny.us/ouf/index.htm

New Credit Card Rules:

www.whitehouse.gov/the_press_office/Fact-Sheet-Reforms-to-Protect-American-Credit-Card-Holders/

Maintaining Financial Stability:

Where can I find help dealing with money matters?

www.mymoney.gov/budget.shtml

How do I access a free adult financial education course (available in English and Spanish)?

www.fdic.gov/consumers/consumer/moneysmart/mscbi/mscbi.html

If you would like to be added to our mailing list for future editions of this newsletter, or if you have any comments or suggestions for future topics to be addressed, please let us know!

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