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Let's Talk Taxes

by Kara Neloms, Lauderdale County Agent Assistant

Americans enjoy living in the fast lane. We love convenience such as drive thrus, grocery store express lanes, and quick cash. But even convenience has a catch. The drive thru gets loaded with cars. Grocery store express lanes only allow 20 items or less, and then there's quick cash options. For example, as another tax season gets underway, millions of Americans are flocking to tax preparing companies and filing quick tax returns. While they get quick cash in a day, they also pay huge fees and interest charges.

Victims of the fast-refund pitch are usually low-income taxpayers and many qualify for the Earned Income Tax Credit. A tax preparer will figure the consumer's taxes, calculate the amount of the refund, and offer to lend consumers the refund amount up front and without an array of fees. The client pays the loan back when the refund check arrives; however, the interest charges on the loan make up a large percentage of the check.

"Those that feel they are in need of the funds immediately are usually paying for items bought during the previous year. Ideally, when receiving a large tax refund such as those eligible for Earned Income Tax Credit (EITC), one would be putting the money into saving for a large purchase or as a down payment on a home," said Lauderdale County Extension Agent Lelia Wissert.

Few Americans know they can have their tax return filed for free because of their low-income status. Volunteer Income Tax Assistance (VITA), a program of the IRS, helps people fill out their tax forms for free. VITA sites are open from late January through April 15. Many VITA sites have electronic filing for faster refunds.

An alternative to filing a quick tax return is Electronic filing or e-filing. The IRS does not charge a fee for electronic filing. Some authorized IRS e-file providers charge a fee for providing this service to clients while others may offer it free of charge. However, this fee cannot be based on any figure from the tax return. Fees vary depending upon the tax professional you choose and the specific service you request. Consumers need to be sure they know the difference between filing electronically or e-filing and the terms used by commercial tax preparers that offer the loan against your tax refund.

Simply ask your tax professional to file your return through IRS e-file. You sign your electronic tax return by either using a self-select PIN number for e-file for a completely paperless return, or by signing Form 8453.

After you sign the return using a self-select PIN or Form 8453, the tax preparer transmits the return to the IRS or to a third-party transmitter who then forwards the entire electronic record to the IRS for processing. Once received at the IRS, computers for errors and missing information automatically check the return. If the return cannot be processed, it is sent back to the tax preparer to clarify any necessary information. After corrections are made, the transmitter retransmits the return to the IRS. Within 48 hours of electronically sending your return to the IRS, the IRS sends an acknowledgement to the transmitter stating the return is accepted for processing. This is your proof of filing and assurance that the IRS has your return information. The authorized IRS e-file provider then sends Form 8453 to the IRS.

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If due a refund, you can expect to receive it in approximately three weeks from the acknowledgement date or even faster with direct deposit into a bank account (half the time as when filed on paper). With IRS e-file you can prepare your own return and pay a professional to transmit it electronically, or you can pay to have your return both prepared and transmitted. Whichever you choose, shop around for a tax professional who offers the services you need at an acceptable rate to you. Becoming an informed consumer is the best way to save money.

To find out what companies offer free federal e-filing services, check out this website: http://www.irs.gov/app/freeFile/jsp/index.jsp?.

For more information about money management, contact your local county Extension office.

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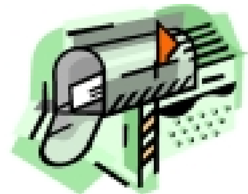

Simple Facts You Should Know About Identity Theft

By Dr. Jannie Carter, Extension Assistant Director

Being a responsible consumer does not come with age or maturity. It is a learned behavior usually accompanied by a good knowledge of consumer rights. For many, getting financial goals and priorities in order can pose a challenge. Consumers in the United States hold over $1 trillion of consumer credit debt. Why so high? Families depend upon credit to support their lifestyles and to make long-term purchases more accessible. But the misuse of credit is not a good thing.

Credit options are numerous in Alabama and across the nation. However, many families do not have a financial plan to guide their spending and sometimes credit can get out of control. Additionally, the abuse of technology designed to facilitate easy access to consumer resources and credit has put some consumers at risk.

Identity theft (ID) is perhaps one of the most serious fraud issues facing consumers today. ID theft occurs when someone steals and uses another person's information in a way that involves fraud or deception for personal gain. This fraud issue is evolving rapidly. In fact, ID theft headed the Federal Trade Commission's list of top 10 consumer fraud complaints for the past four years. In 2003 for example, ID theft accounted for 42 percent of the half a million complaints entered into the FTC's Consumer Sentinel database. While victims are usually not held responsible for paying debts accrued by ID theft, it could take consumers months or event years to regain a good financial status.

Identity thieves use sophisticated means to obtain personal identity information from unsuspecting victims such as:

- Fraudulently accessing credit reports
- Retrieving improperly discarded credit cards and numbers from trash bins
- Obtaining names and numbers from personnel files
- "Shoulder surfing" to get numbers at ATM machines and phone booths
- Accessing information on the Internet and at public records sites
- Taking personal mail from mailboxes
- Obtaining personal information during hotel stays

Some simple steps consumer can take to protect against identity theft are:

- Don't carry notes or reminders of account numbers, PIN numbers, or calling cards.
- Carry only those essential credit cards and other forms of personal identification.
- Always read your bank and credit card statements to be sure no unauthorized charges are listed or unauthorized accounts have been opened.
- Keep your Social Security card in a safe place and never share personal numbers and other identifying information over the phone or with an unsolicited caller.
- Don't use obvious computer passwords such as birthdates, abbreviations of your name, or initials, etc.
- Always retrieve your receipts from ATM machines or other machines accessed as credit card purchases.

Remember identity theft is a serious crime. If you should become a victim, some important steps to follow are:

- File a police report and keep a copy on file as documentation or proof of the crime.
- Report the theft or fraud to the Federal Trade Commission.
- Contact the fraud departments of any of the three major credit bureaus: 1) Equifax, 800-525-6285; 2) Experian, 888-397-3742; or Trans Union, 800-680-7289.
- If you suspect that mail services have been fraudulently used, contact your local office of the Postal Inspection Service.
- Call the Social Security Administration for fraudulent use of Social Security numbers.
- If your bank account has been fraudulently accessed, notify the bank immediately; put a stop order on missing checks, and close the accounts that have been tampered with or falsely created.

Agencies such as the Alabama Securities Commission have identified educators across the state that have been vocal in carrying the messages against fraud and scams that prey on unsuspecting consumers. Partnerships, resources, and support from this agency and with other advocacy groups will help the Urban Affairs unit of the Alabama Cooperative Extension System to expand the reach of consumer information and training to citizens of all ages. For more information on Extension programs in consumer education contact Dr. Bernice Wilson, Extension resource management specialist (256) 372-4969.

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Paying a High Price: Consumer Safeguards & Consumer Law

By Attorney Kevin Crenshaw

He that is of the opinion money will do everything may well be suspected of doing everything for money.
Benjamin Franklin

For many Americans, consumerism, or the use of products and services, and the ability to amass a great deal of debt have become our nature. Although there are only 292 million people living in United States, Americans remain the world's top consumers, spending trillions of dollars each year to look good, smell good, drive nice cars, and to live in nice houses no matter what the cost. Yet according to the Federal Reserve, we are trillions of dollars in debt for the first time in history. A record 1.6 Americans filed personal bankruptcy last year alone.

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Nevertheless, as consumers we are entitled to protection under the law —to receive fair treatment or protection for the products and services we buy. That's where Consumer Protection Law comes into play. Consumer Protection Law is just that laws that protect the consumer. Consumer Law covers disputes such as medical malpractice suits, personal injury claims, fair debt collection and bankruptcies, housing and landlord/tenant issues, bad product claims, predatory lending, identity (ID) theft, and other consumer concerns. This article will take a brief look at predatory lending, landlord/tenant issues, and your basic consumer rights.

Predatory Lending
Unfortunately, predatory lenders often seem far less than predators. Actually, they can be very friendly, approachable, and seemingly easy to understand. However, all across America, families and individuals are losing their homes or investments because of predatory lenders, appraisers, mortgage brokers, or home improvement contractors. These predators usually target the elderly or low-income families that may be strapped for cash.

In general, the term predatory lending applies when excessive fees are added to a loan and not disclosed, or when a loan is refinanced at a high interest rate with no real long-term benefit to the borrower. State laws vary on their definitions, and there are statues in place to aid you if you have been the victim of abusive lending. You may be able to avoid falling into a trap by:

- Determining if you really need the loan.
- Considering all options before using your home as collateral for a loan.
- Dealing with a reputable lender.
- Doing your research.
- Asking questions and doing some comparison-shopping.
- Learning how to read credit reports/scores.
- Knowing what you are signing before you sign it.

If you believe you have been a victim of predatory lending, don't be afraid to report a shady business or individual to the proper authorities such as your state's attorney general, the Federal Trade Commission, or the Federal Consumer Information Center.

Landlord/Tenant Disputes
Landlord and tenant disputes generally occur over security deposits, evictions, or property repairs, and also vary from state to state. For example in Alabama, the Alabama Law Institute recently drafted changes to Alabama's landlord/tenant laws called the "Uniform Residential Landlord and Tenant Act" that became effective in January 2004. This act involves landlord-tenant relationships on residential property only.

In Alabama, tenants or landlords may terminate a lease for failure to make repairs, pay rent, etc. within 14 days of a written notice. Many states may limit the amount of a security deposit that landlords can charge a tenant. Previously, no "statutory" limit was established; however, under the new act, landlords cannot charge a security deposit over the cost of one month's rent. At the termination of the lease, security deposits are to be repaid to tenants within 21 days. If a landlord fails to do so, the tenant has the right to recover twice that amount plus reasonable attorney fees.

Regardless of state laws, all American consumers are protected under the Fair Housing Act of 1968 that makes it illegal for a landlord to discriminate on the basis of race, color, sex, religion, disability, family status or national origin. You also have a right to live in decent housing that is structurally sounds and up to building code.

Consumer Protection Act
Under the Consumer Protection Act of 1986, American consumers are also entitled to:

The right to safety: We have a right to be protected against the marketing of goods and services hazardous to our life and property.

The right to be informed: We have a right to know about the quality, quantity, standards, and price of goods or services for protection against unfair trade practices.

The right to choose: We have a right to have access to a variety of goods and services at competitive prices.

The right to be heard: We have a right to be heard and assured that our interests receive due consideration in appropriate forums.

The right to redress: We have a right to be compensated for unfair trade practices or restrictive trade practices or exploitation.

The right to consumer education: We have a right to be educated about products and services in order to make sound decisions in the marketplace.

In closing, CAVEAT EMPTOR: LET THE BUYER BEWARE.
Consumer protection is necessary in today's society. As a consumer one of the best ways to protect you

and your family is through prevention. So beware and use your buying power wisely.

As Earl Wilson says, "If you think nobody cares if you're alive, try missing a couple of car payments."

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What's the Buzz on e-Extension?

By Wendi Williams, Editor

The latest buzz around Extension is "E" as in e-Extension. I like to think of it as Extension's response to the age of technology and current economic challenges. Like other organizations, Extension must continue offering quality products with fewer dollars and less staff. To remain competitive, it must rethink the way it does business, while positioning itself for the next generation. A solution is e-Extension!

For over a century, land-grant universities (LGUs) have offered products and services to communities, organizations, youth, families, and individuals. e-Extension will allow expert teams comprised of representatives from LGUs and the Cooperative States Research, Education and Extension Service (United States Department of Agriculture) to continue that tradition.

Through the Internet, consumers have the opportunity to obtain products and services around the clock and from any place in the world. Since Extension is geared toward enhancing the quality of life for individuals, it only makes sense that it uses this tool to offer the best of what it does to consumers who want quality products and services at reasonable prices, and as quickly as possible. e-Extension promises to meet that challenge by packaging research-based information and education, loading it up at accessible locations, and making it readily available for the techno-savvy consumer.

The interest for e-Extension began with two gentlemen by the name of David King and Michael Boehlje who wrote an article titled *e-Extension/USA: Building a Business Model.* The article discussed a virtual Extension that delivers information to segments of the population as needed or what is more commonly referred to as "just-in-time" learning. The Southern Region of the National Association of State Universities and Land-Grant Colleges was intrigued by Boehlje and King's idea and submitted a proposal to the Extension Committee on Organization and Policy to investigate the possibility of creating a national information technology network, thus e-Extension was born.

e-Extension is expected to deliver the results of current research in multimedia formats such as publications, graphics, photos, audio and video clips/streaming, learning modules, evaluation instruments, and other resources. In addition, end users will be able to interact with subject matter experts, enjoy learning from a comfortable environment such as home, provide direct feedback to Extension by helping to identify emerging consumer needs, and possibly use the Extension resources in new and nontraditional ways. So, it's not a question of whether e-Extension is coming, but when. But what does this mean for Extension staff and administrators?

While Extension staff has always adapted and responded to con-

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Be a Smart Shopper, Save Your Food Dollars

By Kara Neloms, Lauderdale County Agent Assistant

There is a place in town that keeps people coming back for more. No, it's not the gas station or the mall, but the grocery store. Some people visit the supermarket two or three times a week and some even more. According to the Food Marketing Institute (FMI), the average family spends $91 on groceries each week and visits grocery stores 2.2 times per week, picking up items that seem impossible to live without, while spending an enormous amount of money each month.

To curtail costs, consider planning meals and menus in advance and making a grocery list. This will not only help you save money on your grocery bill, but you will save time and transportation costs as well. Other smart shopping tips include:

- Keeping a notebook in the kitchen to list foods you need.
- Looking in cupboards and in the refrigerator to see what foods are available.
- Planning a meatless dinner once a week, using dried beans, eggs, or peanut butter as a main dish.
- Planning your shopping to take advantage of weekly and seasonal specials such as double or triple coupon days.
- Shopping when the grocery store isn't crowded and when you're not in a hurry.
- Buying store brands or generic items when their taste and quality suit your needs.
- Purchasing food at low-cost outlets such as discount bread stores, farmers' market, food cooperatives, or warehouse food stores.
- Growing your own herbs, fruits and vegetables and canning, freezing and drying some of them for future use.
- Wasting less by using left-overs.

For more information on money management or ways to save your shopping dollar, contact the local county office of Alabama Cooperative Extension System. And don't forget to try out the healthy and nutritious recipe listed below. It's a dish full of ingredients you probably already have on your shopping list.

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Quick Beef Casserole

1 pound lean ground beef
1 cup of onion, chopped
1 cup of celery, chopped
1 cup of green pepper, cubed
3-1/2 cup of tomatoes, diced
1/4 teaspoon of seasoning salt
1 teaspoon of black pepper
1/4 teaspoon paprika
1 cup of frozen peas
2 small carrots, diced
1 cup of uncooked rice
2 cups of water

1. In skillet, brown ground beef and drain of fat.
2. Add rest of ingredients. Mix well
3. Cook over medium heat and cover skillet until boiling.
4. Reduce to low heat and simmer 35 minutes. Serve hot.

*Drain the fat from the cooked beef to lower the amount of fat and calories.

Yield: 8 servings Serving size: 1-1/3 cups

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sumer needs, they must be willing to buy into the e-Extension program. This means being flexible to technology and remaining patient as such issues as intellectual property rights, copyright, online security and privacy, and other issues are ironed out. It means the time has come to rethink how we do business and interact with consumers and the world around us. It means that it's time to determine how to become effective partners in the race for a piece of the Internet pie.

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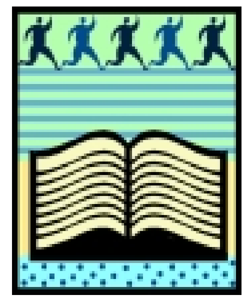
Developing Lifelong Learners

By Rosalie Lane, Housing & Urban CRD Specialist



Today's facilitators such as Extension agents, specialists, and other professionals are successfully using different approaches to train and educate adults in informal learning environments. Oftentimes adult participants do not complete the training programs and shortchange their opportunity for lifelong learning experiences. However, Extension facilitators are in a position to help clients take an ownership approach in their learning experiences as they work together to achieve educational goals.

Such an approach is called Learning-Centered Programs (LCP) (Boud 1990, Hammond & Collins 1991) where students and facilitators collaborate to "diagnose their learning needs, formulate learning goals, identify resources, select and implement learning strategies, and evaluate learning outcomes" (Lowry, 1989, p.98). Hargreaves (2000) calls this a "culture of collaboration." Extension practitioners can approach the entire teaching concept as a partnership to encourage accountability and develop result-oriented clients. Although the philosophy is broad, there are components that Extension clients and facilitators can do together such as "diagnose (the clients) learning needs and formulate learning goals." Through the use of the pre- and post-tests, facilitators can formulate open-ended questions where the client can communicate their desired needs and goals. Clients should be encouraged to sign the pre-test as a contract to take ownership of the learning process (Hammonds & Collins, 1991; Jedrey 1985; Lowry, 1989; Vernon, LoParco, & Marsick, 1993).

Is LCP a new approach? No! This kind of collaborative approach to education has been around for a long time. Educational collaboration was done in the early 40s, when postwar America was developing its workforce to meet the demands of a new technological and industrial-based economy. Evening schools were springing up all over the country to prepare adults to answer the needs of a changing society. At that time, industry and educators strategized on the best approach to get the most able-bodied individuals quickly trained to meet current employment needs. Presently, the educational workforce plan remains a collaborative effort between the individual student and an adult facilitator, focusing on the best way to address the future needs of the adult learner in a global marketplace.

While standing in a room full of adult learners whose average educational level is grade 11 or less, Extension facilitators need to be sincere in their delivery so that students feel more at ease about participating in their learning experience. Let's face it adult learners are very different from young learners. Some of the experiences adults bring to the classroom are varied and range in scope from parenting to serving as heads of their household. They can also be further identified by such societal pursuits as workers, volunteers, community leaders, neighbors, homeowners, renters, and churchgoers.

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Adult educators, on the other hand, can be viewed as change agents because they help adults become lifelong learners and achieve their educational goals. Former Vice President Gore clearly recognized the unique contributions of this untapped resource and held a Lifelong Learning Summit in January 1999 to celebrate the contributions of the adult learner. He talked about how to get every American prepared for high paying jobs that would be available in the twenty-first century. Gore recognized the "central answer" for adults was not only to get a good education, but also to continue learning for a lifetime. He added, "Education can no longer stop after you leave high school or even college."

Regardless of whether adults only received an eighth or ninth grade education, they are vital links in the developmental success of our communities, states, and nation. Educators can encourage adult participants or students to become lifelong learners to enable them to further chart their course in life. During training and educational sessions, Extension educators can inform their clients about other Extension programs that could enhance their clients' lifelong learning pursuits.

Extension programs are poised and ready to assist adults in becoming lifelong learners. extension facilitators treat adult learners with respect and dignity as they work together to identify goals, objectives, and expect outcomes that will lead to an improved quality of life.

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Credit Protection: Watch Carefully

Dr. Bernice Wilson, Resource Management Specialist

Consumers are often confronted with the opportunity to buy credit insurance with certain kinds of financing. These opportunities usually come along with credit cards, some home loans, and loans available through department stores or car dealers. Credit insurance is a type of life, accident, health, disability, or unemployment insurance that will pay off the bill or debt if the borrower dies, becomes sick, injured, or loses his/her job. State governments usually regulate credit insurance sales in the state, while insurance departments enforce these laws that involve pricing, disclosures to buyers, minimum insurance benefits, and other consumer-related insurance and protection issues.

In most types of credit insurance, consumers can decline or accept the offer to buy the insurance. An exception to this rule is property or hazard insurance. Creditors may require the consumer to maintain this kind of insurance to cover the costs of repairing or replacing properties for a home or a car that also serves as collateral for the loan. If this is the case, a bank cannot use the approval of the loan as a hedge to get you to buy the insurance.

Consumers should be on the watch for other credit-related products with credit insurance similarities such as debt cancellation or suspension programs. These products are sold under many different names depending on the lending institution. Debt cancellation insurance covers the debt if the borrower dies or cancels the monthly payment, or if the borrower becomes disabled, unemployed, or endured some other hardship. On the other hand, debt suspension is different. It temporarily delays all or part of the monthly payment while the borrower is facing a specified hardship. Nevertheless, the borrower is still expected to make the suspended payments in the future. These programs may function similar to credit insurance, but their fees and other features may be quite different. Depository institutions offer debt protection programs directly to the borrower, not through insurance companies. These programs are subject to regulations by the appropriate federal or state depository institutions.

The Pros:

1. Credit protection products may offer the borrower security or peace of mind, and may be a good investment.
2. Credit protection products are advertised as an "easy to buy" line of goods because it often does not require a physical examination like traditional life or disability insurance. Premiums are the same regardless of age and health.
3. Coverage can be purchased in small dollar amounts.
4. Credit protection programs may be the best and sometimes the only coverage for some older consumers, people who smoke or are ill, or workers concerned about making loan payments if they lose their job.

The Cons:

1. Other types of life and disability insurance may carry higher minimum coverage amount than those for credit insurance, which is based on the size of the debt. For example, instead of buying a traditional life insurance policy for $10,000 or $20,000 in coverage, a consumer could buy credit insurance based on the balance of the loan, which could be less than $10,000 or $20,000. Taking these considerations under advisement, credit insurance and debt cancellation or debt suspension programs typically cost far more than a comparable term-life insurance policy. Term insurance provides protection for a specified period and perhaps other insurance not sold with a loan.
2. Credit protection programs can only be used for one purpose, to repay a specific debt.

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3. If you have credit insurance or debt cancellation/suspension coverage to pay off a credit card debt and find yourself unable to pay the debt because of illness or death, and typically you carried a balance of $4,000, reliable sources suggest that you will pay between $150-$350 a year for this credit protection. You may fair better buying a large-term insurance policy or putting it in an emergency or another saving account. Both of these saving instruments may be used to pay off any obligations, not just credit card debt.
4. Some debt cancellation programs limit death benefits only to accidental death. Death due to accidents is less common than death because of sickness, disease, or natural causes.
5. Conversely, credit insurance providing a death benefit is rarely limited to accidental death.
6. The typical credit insurance policy covering disability or unemployment will make the borrower's monthly payment on a loan during the benefit period. On the contrary, a debt suspension program only puts loan payments on hold.
7. If you become ill or unemployed and you apply for benefits under a debt suspension program for a credit card or a home equity loan, the contract may disallow your use of the credit card or the home equity loan.
8. Single premium credit insurance is available through some creditors, and is paid in a lump sum up front instead of monthly or annually. The one-time payment typically is so large that consumers add the fee to their loan amount and must pay interest on it each month. This would cause the loan payments to increase and remain for the life of the loan; meanwhile it is possible that the insurance may only cover the first five years of the loan.

Helpful Protection Tips:

1. Credit protection is usually optional. Check before you buy. You may also contact the appropriate state or federal regulator for more information.
2. Review the costs of your insurances annually to determine if you are underinsured or over insured in some areas. Seek guidance from your insurance agent or financial adviser.
3. Before you buy credit protection, find out if you would be better off with a traditional insurance policy. If you're in good health, you may find that a traditional insurance policy meets your needs and costs less money than a credit protection plan. However, the elderly or some people who are in poor health or concerned about making loan payments if they lose their job, credit protection may be the best or only coverage they can obtain.
4. In considering a credit protection program, understand what is covered, what is not and whether the cost and restrictions outweigh the benefits. This type of insurance only applies to specific debts. Money from a traditional policy that can be used to pay off any debts and expenses as you see fit is probably a better deal.
5. Consumers should read the terms and conditions of these programs so that they will know the limitations and not pay more for less coverage than they expect.
6. Review your loan documents and monthly statements regularly to see if there are any unusual charges or fees. For instance, a creditor has the right to purchase property or hazard insurance and charge you for it, if you are required yet fail to maintain such coverage. You could end up paying more for a policy purchased by the lender.
7. Resolve problems quickly. The first point of contact should be the creditor or insurance company. If you are not satisfied with their assistance, then contact your state insurance commissioner or the appropriate federal of state regulator such as the Alabama Attorney General's Office.
8. Lastly, keep copies of your loan documents and related credit protection policies, terms, and conditions. You may need to refer to this information if questions or other concerns arise.

If you have a Question or Problem Contact:

Alabama Department of Insurance
P O Box 303351
Montgomery, AL 36130-3351
334-241-4174

Office of the Attorney General
Alabama State House
11 South Union Street, Third Floor
Montgomery, AL 36130

Consumer Affairs Division
1-800-392-5658

Office of Victim Assistance
1-800-626-7676

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