

BudgetWise is a financial education newsletter from the Institute on Disability at the University of New Hampshire that provides helpful information on money management and public benefits for New Hampshire residents with disabilities.

INSIDE THIS ISSUE:

- Learn how the new Federal Health Reform Bill will benefit people with disabilities
- New options available for homeowners in need of assistance
- A bill in Congress seeks to provide a better long-term savings option for people with disabilities

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This publication is available in alternative formats upon request.

BudgetWise

September 2010

Understanding the New Credit C.A.R.D. Act

You may have heard a lot of hype about the new Credit Card Accountability, Responsibility and Disclosure Act that went into effect in February 2010. Here are the facts:

Under the Credit C.A.R.D. Act, credit card companies now:

Are required to give credit card holders at least 21 days from when their bill was mailed, to pay it.

Must schedule payment deadlines consistently (due dates cannot change every month), schedule payment deadlines for weekdays, and schedule a payment deadline for the end of the day, not the middle of it.

Must make credit card contracts and statements easier to understand, and highlight the important parts.

Are not allowed to raise interest rates on new credit card accounts for the first year an account is open, and are also not allowed to raise interest rates on existing credit card debt.

Must include personalized information on credit card statements, showing the card holder how long it would take to pay off the current balance and total interest due if only the minimum balance is paid every month.

Must make credit card contracts and terms of service available on the Internet.

This is great news for credit card holders. It means they can feel a bit safer using their credit cards, because it will be harder for credit card companies to be sneaky. It also makes sure credit card holders understand the importance of paying back balances as quickly as possible.

Credit card companies are coming up with a few other ways to make money, though, so watch out for:

Hiking up interest rates on FUTURE purchases

Annual fees, which many credit card companies are reinstating in order to make up for money they are losing because of the new regulations.

Minimum interest fees; for example, you only owe 50 cents in interest but your credit card company charges you \$2 in interest because that's their "minimum".

Inactivity fees – if you aren't using your card but the account is still open.



What Having a Job Means to Me

I applied to K-Mart. My supported employment specialist helped me fill out the application, and went with me to the interview. I got the job.... To me, having a job means extra money, and I also get out of the house five days a week. I meet new people, I contribute to taxes, and I get exercise on my job. The fat in my blood went down, and I am able to take a lower dose of my medicine.

— Kelly E.

Legislative Alert: Keep Your Eyes Open for the ABLE Act

The ABLE Act (ABLE stands for **Achieving Better Life Experiences**) is a bill that was introduced into the U.S. House of Representatives and Senate in 2009. The bill would allow people with disabilities and their families open special savings accounts. These special savings accounts would be tax-free (no federal taxes would be charged on the money in the account or the interest it earned, even when the money was used). These savings accounts would also not be counted in the income and asset tests used to decide if a person with a disability is eligible for Federal assistance programs (such as Medicaid/SSI).



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The idea behind the ABLE Act is that it is important for people with disabilities and their families to be able to save money for big life necessities, especially ones that are important for someone with a disability, without being penalized for the savings by losing their SSI/Medicaid or other Federal support programs. People with disabilities ("beneficiaries") who opened ABLE Accounts would be allowed to work and earn more than the limits established by Medicaid/SSI and keep the account.

Funds saved in an ABLE Account could be used toward by the beneficiary for education, housing, transportation, employment support, health and wellness, life necessities, assistive technology and personal support services. They could be used at any time without penalty (as long as they were used for one of the approved categories above).

Contributing to an ABLE Account would be easy. ABLE Accounts would be opened in banks, just like regular savings accounts. Anyone could contribute to an open ABLE Account (including the beneficiary of the account). There would be a lifetime cap of \$500,000 in contributions to an ABLE Account, but even once that cap was met, the money in the account would continue earning interest.

This bill is currently in committee in both the U.S. House and Senate. Contact your representatives and let them know the ABLE Act is important to you!

ARRA: New Assistance Options Available for Homeowners in Need

The American Recovery and Reinvestment Act of 2009 (ARRA) has made it possible for homeowners in need of assistance to access several new programs, designed to help keep people in their homes and avoid foreclosure:

The Home Affordable Mortgage Program (HAMP) gives eligible homeowners the chance to modify their mortgages, making them more affordable.

Eligibility requirements include owing less than \$729,750 on the mortgage, demonstrating a financial hardship, and owing monthly mortgage payments that are greater than 31% of household income.

The Second Lien Modification Program (2MP) helps homeowners with a second mortgage, who have already modified their first mortgages under HAMP, modify their second mortgages and make them more affordable.

Mortgage holders have a variety of options available to help homeowners through this program, including *reducing interest rates on the loans,*

extending loan terms, and forgiving second loans entirely.

The Home Affordable Refinance Program (HARP) helps homeowners

with loans guaranteed or owned by Freddie Mac or Fannie May refinance, giving them more affordable monthly payments. This program helps homeowners who are unable to refinance their homes because their home is worth less than their remaining mortgage balance.

Eligibility requirements include owning and occupying your own home, being current on mortgage payments, owing a maximum of 125% of the market value of your home on your first mortgage, and being able to afford the new monthly payments.

The Home Affordable Foreclo-



sure Alternatives Program (HAFA) gives homeowners who simply cannot afford to keep their homes any more the option to avoid foreclosure and find a more affordable living situation

through a *short sale* or *deed-in-lieu of foreclosure*.

A *short sale* is when the mortgage holder allows the homeowner to sell the property, even though the net profits from the sale of the property may be less than is owed on the mortgage.

A *deed-in-lieu of foreclosure* is when the homeowner is unable to sell the property and transfers ownership of the property to the mortgage holder.

For more information on any of these programs, visit www.makinghomeaffordable.gov, or call 1-888-995-HOPE (4673) (877-304-9709 TTY)

Beware Foreclosure Rescue Scams!

Sadly, because more people are struggling to make ends meet and find help paying their mortgages, there are more opportunities for scam artists to take advantage of these people by pretending to help them. Here are some warning signs of scammers:

- They ask you to pay a fee for a counseling service or modification of a delinquent loan.
- They pressure you to sign papers immediately.
- They try to convince you that they can “save” your home if you sign or transfer over the deed to your house.

Do not sign over the deed to your property to any organization or individual unless you are working directly with your mortgage company to forgive your debt.

- They want you to make a mortgage payment to them, instead of directly to your mortgage company.
- If you believe you have been the victim of a scam, file a complaint with the **Federal Trade Commission** (www.ftc.gov or -877-FTC-HELP).



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The REAL Opportunities Study, sponsored by the National Institute on Disability for Rehabilitation Research (NIDRR), investigates whether personalized coaching improves financial outcomes of customers accessing services from Vocational Rehabilitation.

BudgetWise is made possible by the Asset Accumulation and Economic Self Sufficiency grant from the National Institute on Disability for Rehabilitation Research, CDFA #84.133A, and the Burton Blatt Institute at Syracuse University. The contents, however, do not necessarily represent the policies or the endorsement of the federal government or Syracuse University.

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Health Reform and People with Disabilities: What the Patient Protection and Affordable Care Act Could Mean for You

The Patient Protection and Affordable Care Act, signed into law by President Obama in March 2010, is a law that focuses on expanding health care coverage, limiting health care costs, and improving how health care is provided to people. Although the law will greatly change the health care outlook for most Americans, for people with disabilities there are some specific aspects of the law that should prove to be especially helpful.

In 2010: Insurance companies will not be allowed to deny coverage to children with pre-existing conditions.

Uninsured Americans with pre-existing conditions will have access to insurance through a temporary and subsidized high-risk pool.

Insurance companies will no longer be allowed to have lifetime limits on how much they will cover if someone on one of their plans gets sick.

Insurance companies are no longer allowed to cancel policies if someone gets sick.

Americans will have greater access to prevention and wellness benefits, as insurance companies are now required to provide these benefits at no cost to the people they insure.

By 2015: The Medicaid program will be expanded to more



people, including people with disabilities. The income eligibility requirement for Medicaid will be raised. It will be easier to enroll in Medicaid. There will also be a greater focus on home and community based services through Medicaid.

There will be a new, voluntary, self-insured insurance program called CLASS Act, which will help families pay the costs of long-term supports and services for a loved one with a disability.

Insurance companies will not be allowed to deny coverage or charge more

for premiums to any person because of their medical history.

State-based health care Exchanges will be created. These Exchanges will offer people the same private insurance choices that the President and Congress have. Insurance through the exchanges will be available if people lose their jobs, or if their jobs do not provide health care coverage.

Insurance companies in the Exchanges will be required to offer standardized and easy-to-understand information on health insurance plans.

Tax credits will be available to people who can't afford coverage.

All annual limits on coverage will be eliminated.

There will be caps on what insurance companies can require people to pay in out-of-pocket costs, such as co-pays and deductibles.

If you are interested in this topic and would like to learn more, there is a web chat sponsored by HealthReform.gov available at <http://youtu.be/ccKQNkIpCWg>