



# Consumer Issues

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Sweepstakes and skills contest promoters will be required to maintain a do-not-mail list and have a toll-free number for those who want to be removed from mailing lists. (This portion of the law does not become effective until April 2001. Companies that do not comply with the do-not-mail portion of the law can be sued by consumers for actual damages or \$500, whichever is greater. The names of consumers who have opted out of mailings cannot be sold for other commercial purposes.)

## New Law Covers Sweepstakes

On December 14, 1999, President Clinton signed into law the Deceptive Mail Prevention and Enforcement Act. The law became effective on April 13, 2000. This law will make sweepstakes mailing more honest, give the U.S. Postal Service more investigative and enforcement powers and provide guidelines for mailings involving skills contest. Key guidelines are listed below.

### Sweepstakes

1. Mailing must clearly state that no purchase is necessary and buying something does not improve the chances of winning.
2. No order or payment can be required to enter.
3. Companies can't describe recipients of mailings as "winners" unless they have actually won a prize.
4. All terms and conditions must be disclosed along with the
  - odds of winning
  - quantity value and nature of prizes
  - schedule of any payments made over time
  - sponsors' names and addresses

### Skills Contest

Skills contest may require a fee to enter and winners are determined based on a skill, not chance. Mailings involving skills contests must include:

- the rules
- all potential costs
- dates that winners will be determined
- description and value of prizes

### Other Provisions of the Law

- Mailings with facsimile checks, coupons that look like real checks, must state that they are not negotiable and have no cash value.
- The Postal Service now has subpoena power to stop deceptive mail at all addresses that violates federal laws.
- This new law was supported by the Direct Marketing Association for setting uniform standards for sweepstakes mailings.

### Sources:

National Consumers League Bulletin (January/February 2000). Vol. 62, No. 1.  
 Memo to Mailers. United States Postal Service. (February and March 2000) Vol. 35, Nos. 2 and 3.

## Social Security Retirement Calculators

Retirement planning is a topic of conversation and a concern by many folks other than those who are two to three years from retirement. Fueling the interest is the media's attention to the fact that fewer workers will be supporting the Social Security program when 76 million baby boomers retire (folks born between 1946-1964) and an increased realization that Social Security retirement benefits will not be enough to support most folks living needs in retirement. Better planning during early work years and saving for retirement outside of Social Security needs seems to be a consistent message, regardless of the source. The Social Security Administration's website (<http://www.ssa.gov/retire/calculators.htm>) has three calculators that can help you estimate your retirement benefits and how they will effect your retirement plans. The calculators are labeled quick, online and detailed. The first two can be used online. The detailed calculator renders more precise results and must be downloaded for use.

Source: <http://www.ssa.gov>



## Retirement Age Increases

Recent amendments to the Social Security Act of 1935 contain provisions affecting the retirement age for those retiring in 2000 and beyond. The earliest a person can begin receiving Social Security retirement benefits will remain at age 62. However, the age for collecting full retirement benefits will gradually increase from 65 to 67 over the next 22 years.

### Increase in Age for Receiving Full Social Security Benefits

<u>Year of Birth</u>	<u>Full Retirement Age</u>
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Individuals who continue to work past their full retirement age can increase the retirement credits they earn, thereby increasing their benefits upon retirement. At age 70, the benefit increase stops even if a person continues to delay taking benefits.

### Increase for Delayed Retirement

<u>Year of Birth</u>	<u>Yearly Rate of Increase</u>
1930	4.5%
1931-1932	5.0%
1933-1934	5.5%
1935-1936	6.0%
1937-1938	6.5%
1939-1940	7.0%
1941-1942	7.5%
1943 or later	8.0%

Source: <http://www.ssa.gov/pubs/retirechart.htm> (January 4, 2000)

## Working Penalty Removed for Retirees

Social Security beneficiaries who have reached *full* retirement age (currently age 65) can receive their full benefits even if they continue to



work and earn more than \$17,000. In March 2000, Congress unanimously passed legislation that eliminates the earnings limit beginning with the month an individual reaches their full retirement age. (See article on Retirement Age Increases in this issue.) President Clinton signed the bill into law on April 7. The legislation is retroactive to January 1, 2000. Eligible beneficiaries will receive any retroactive payments in May and regular monthly benefits beginning in June. Everything will be automatic, so you don't need to contact Social Security. Before this law was enacted, retirees between ages 65-69 could earn up to \$17,000 (\$1,417 monthly) with no reduction in benefits. For earnings exceeding the limit, \$1 in benefits would be withheld for every \$3 over the limit that was earned.

The earliest a person can start receiving Social Security retirement benefits still remains at age 62. The new law does not affect those who choose to retire before reaching their full retirement age. Retirees who have not reached the full retirement age (currently 65) can earn up to a yearly maximum (\$10,080 for this year, 2000) with no reduction in their Social Security benefits. For earnings exceeding the limit, \$1 in benefits will be withheld for every \$2 earned over the limit.

Source: Social Security Administration: <http://www.ssa.gov>

## Social Security and Medicare Changes 2000 Benefits and Charges

2000 cost-of-living adjustment (COLA)	2.4%
Tax rate for employees (unchanged)	7.65%
Social Security portion	6.20%
Medicare portion	1.45%
Tax rate for self-employed	15.30%
Maximum taxable payroll earnings	
Social Security	\$ 76,200
Medicare	no limit
Retirement earnings-test exemption annual amounts	
Under age 65	\$ 10,080
Age 65-69	\$ 17,000
Maximum monthly Social Security benefit for worker retiring at age 65 in January 2000	\$ 1,433
Average monthly Social Security benefits	
All retired workers	\$ 804
Couple, both receiving benefits	\$ 1,348
Widow(er)	\$ 775
Standard federal monthly SSI payments	
Individual	\$ 512
Couple	\$ 769
Maximum allowable assets for SSI (unchanged)	
Individual	\$ 2,000
Couple	\$ 3,000
Medicare Part B monthly premium (unchanged)	\$ 45.50
Medicare Part B deductible (unchanged)	\$ 100
Medicare Part A deductible, hospital stay --	
first 60 days	\$ 776
Copayment for days 61-90	\$ 194/day
Copayment for lifetime reserve days	\$ 388/day
Copayment for skilled-nursing facility, days 21-100	\$ 97/day
Buy-in premium	
(Worked less than 30 quarters)	\$ 301/month
Buy-in premium	
(worked 30 quarters or more)	\$ 166/month

Source: Social Security Administration and Department of Health and Human Services

## Women's Consumer Survival Kit

The "Women's Consumer Survival Kit" is a free package of up to 20

federal consumer booklets tailored especially for women by the Consumer Information Center. This free package is designed to help empower women to take positive control of their lives. The booklets contain vital information for staying healthy, taking medicines, buying a home, investing, getting federal benefits and handling consumer complaints.



### There are three ways to order:

- *Call the Federal Consumer Information Center* toll-free at 1-888-878-3256, weekdays 9 a.m. - 8 p.m. ET. and ask for the "Women's Consumer Survival Kit."
- *Send name and address to:* "Women's Consumer Survival Kit", Pueblo, Colorado 81009.
- *Order online by going to:*  
<http://www.pueblo.gsa.gov/rc/abby.htm>

## Credit Bureaus To Provide Better Customer Service

Under an agreement with the Federal Trade Commission (FTC), the major credit bureaus, Equifax, Experian, and TransUnion, have agreed that 90% of consumer calls about their credit reports will be answered daily and the waiting time before consumers speak to a real representative will be 3.5 minutes or less. In addition, these credit bureaus have agreed to pay a total of \$2.5 million to settle charges with the Federal Trade Commission that they did not provide adequate customer service as required by the Fair Credit Reporting Act (amended 1996). The FCRA guarantees accuracy in consumer credit reports. It also includes provisions that credit bureaus must maintain toll-free numbers with customer service representatives during normal business hours to answer consumers' questions about credit reports they received.

### Source:

Three Credit Bureaus to Settle FTC Allegations on Customer Service. Washington Post, January 14, 2000, Page EO3.

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### Source:

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