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My Credit Report Says What?

In his book, *The Devil's Dictionary,* Ambrose Bierce (1842-1914) included this definition: "Creditor. One of a tribe of savages and dreaded for their desolating incursions." Although creditors have been much maligned throughout history (often for good reason), credit is a marvelous tool for helping individuals acquire things they would not be able to purchase otherwise. Imagine trying to buy a home or car without credit.

Like me, you've probably seen countless newspaper and magazine articles and television reports which advise consumers to check their credit report at least once a year. "It's a good idea," I always thought. "I should do that." You probably had the same reaction and did what I did—nothing. Then came a couple of unpleasant credit card experiences. My credit card statement recently included a charge for membership to a questionable site on the Internet. Since I don't visit those places, I knew it was not my charge. I canceled the credit card and got a new account number. Nevertheless, the idea of checking my credit report suddenly became more imperative. In this day of identity theft and credit card fraud, your personal credit report can show you some vital statistics.

While the entire credit process seems mysterious, it's actually very straightforward. Financial institutions pay a credit-reporting agency, or credit bureau, to compile information about consumers. These reports are much like your high school or college grade transcripts, however, instead of collecting your grades, credit bureaus collect your credit information. Most of the data in your credit report comes

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Pension Retention

Sure, Most small Businesses don't have a retirement plan for their employees. But it's easier than you think.

A small business owner with 35 employees in the Miami Beach area always thought his company's location alone was enough to keep his workers happy. Then, something new came to the region: High-tech.

It was so pervasive, in fact, that people started calling the area Silicon Beach. But the small business owner had other names for it, none of them printable. He was losing employees to the dot-com firms that moved in and scooped up people. He experienced what many other small business owners have found to be true. With unemployment in the range of 4 percent, finding and holding good employees has become one of the biggest challenges of a small business.

Don't despair. There is a solution. A retirement plan.

We have a plan

However, the majority of small business owners and managers have rejected it. Studies show that companies that offer it to their employees are better equipped to compete in the job market. Yet, according to the Association of Private Pension and Welfare Plans, an employee benefits trade group, only 20 percent of businesses with 25 or fewer workers offer 401(k) or other pension plans. Small business people think they are too expensive and too complicated.

Also, many small business owners think their employees would rather have cash or other benefits. Or they don't offer retirement plans because, according to a Small Employer Retirement Survey, a large

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Profit as Prophet

Do your recent profits foretell future gains?

"I could have never foreseen that things would go this well," says David Crowe, 38. His custom tile and countertop company had begun only three years earlier with an old van, $4,000 worth of used equipment, and a little over $10,000 in the bank. But Dave and his brother Robert quickly built a local reputation for quality workmanship, fast turnaround and fair pricing. It didn't hurt, either, that both of them seemed to have a natural gift for winning over the right people—whether as new or repeat customers or as good hiring decisions that allowed their business to grow at a phenomenal rate.

The Crowes, unlike most small businesses, had pulled off a neat trick managing to make a profit from day one. And there seemed to be no serious set-backs along the way. With a local building boom roaring at full throttle and showing signs of letting up, the Crowe's future began to look exceptionally bright and secure.

But then one day, out of the blue, Dave got a call from his accountant who said they needed to talk right away. "What about?" asked Dave. "Well, let's just say the future of the business," came the accountant's ominous-sounding answer. "I was going over your annual statements for the past few years, and, well, I thought maybe we should really sit down and talk about them." "Is anything wrong?" Dave asked, surprised at his accountant's sudden concern. "On the contrary, everything's going extremely well. Perhaps too well. But we can talk about all that when you and your brother

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Women and Investing

In many ways, men's and women's investment planning issues are the same. Both need to start early, be informed and keep up a steady pattern of investments. Man or woman, everyone should identify the purpose of each dollar invested-emergency fund, college education, retirement, etc.—and invest it accordingly.

There are differences in women's life patterns, however, that suggest they should take investing for the future even more seriously than men do, especially when it comes to retirement planning. Women must plan to depend more heavily than men on their own savings than on employer-provided plans and Social Security benefits because:

Threats to Financial Security

- The average woman spends 15% of her career out of the paid workforce caring for children and parents. (Women's Institute for a Secure Retirement)
- For every year a woman stays home caring for a child, she must work 5 extra years to recover lost income, pension coverage and career promotion. (National Center for Women and Retirement Research)
- Women retirees receive only about half the average pension benefits that men receive—about $4,200 annually compared to $7,800 for men. (Women's Institute for a Secure Retirement)
- 50% of all working women are in relatively low paid jobs without pensions. (Women's Institute for a Secure Retirement)
- One year post divorce, the average mid-life woman remains single with an average income of $11,300. (National Center for Women and Retirement Research)
- Women change jobs more frequently than men. (Women's Institute for a Secure Retirement)
- Over 58% of female baby boomers have less than $10,000 saved in some form of retirement savings. (National Center for Women and Retirement Research)
- At some point in their lives, 9 out of 10 women will be solely responsible for their finances. (Bureau of Census)

Women Live Longer Than Men

- The average age of widowhood in the United States is 56. (National Center for Women and Retirement Research)
- On average, women live 7 years longer than men—79 years for women as opposed to 72 years for men. (Bureau of Census)
- The median income for elderly women is $8,189. (Bureau of Census)
- Health care needs are likely to be greater for women than men since they live longer. (Bureau of Census)

Women Are A Large Part of the Workforce

- 75% of all women between the ages of 25-54 were employed in 1999. Of these women 65 and over, 9% were working. (Department of Labor)
- There were 62 million working women in 1999, with 75% working full time. (Department of Labor)
- Families with the wife employed had the highest median income of all family types. (Department of Labor)
- Women earned only 76% of what men earned in 1999. (Department of Labor)
- Women collectively earned more than $1 trillion a year. (Department of Labor)

Women Need To Take Action

- Nearly 70% of women say they have no idea how much money they'll need for retirement. (National Center for Women and Retirement Research)
- 53% of women are more likely to spend rather than save for their future. (National Center for Women and Retirement Research)

How to Turn Uncertainty into Opportunity

Here's One Way to Take Advantage of Short-Term Woes for Potential Long-Term Gains

You may wonder what effect national and international events have on your investments. Do things like elections, wars and disasters cause market instability? The volatility surrounding the unprecedented presidential election controversy in 2000 suggest they might.

But history has proved that the market is more powerful than any single event. Though past performance cannot guarantee comparable future results, the stock market has often rebounded following sudden "flight-from-fright" downturns. Many other factors can and do affect the stock market, causing short-term traders to pull their hair out. But prudent investors know that such events may offer great buying opportunities.

The Market Has Survived These Headlines

The stock market has demonstrated the ability to rebound from sudden events. Whether it's two months or 22 months, patience can potentially pay off when you take a long-term view.

DATE	EVENT	% DROP (PRICE ONLY)	REGAINED LOST VALUE	NEXT MARKET HIGH
10/14/62—10/28/62	Cuban missile crisis	-6.60%	One week	10 months
11/22/63	President Kennedy assassinated	-2.81	Two days	Three weeks
8/9/74	President Nixon resigns	-15.32	Six months	Nearly six years
11/4/79	American hostages taken in Iran	-2.58	One week	Eight months
3/30/81	Assassination attempt on President Reagan	-0.27	Next day	19 months
10/19/87	Stock market crash	-20.47	Nine months	One year
8/2/90	Iraq invades Kuwait	-13.63	Six months	One week
7/1/96	Technology stocks nosedive	-7.28	Seven weeks	Same day
10/27/97	Asian market tumbles	-6.87	One week	Five weeks
8/18/98—8/31/98	The devaluation of the Russian ruble; Russia defaults on billion-dollar debt	-13.07	Nine weeks	Three weeks
1/13/99	The devaluation of the Brazilian réal	-1.80	One day	11 days

Source: © 2000 TowersData

The stock market is represented by the S&P 500, an unmanaged group of securities widely regarded to be representative of U.S. large-company stocks. Results assume reinvestment of dividends. An investment cannot be made directly in an index. This table is not intended to show any cause-and-effect relationship between events and market performance.

Today's Fears, Tomorrow's Cheers?

The year 2000 saw the first major market downturn in a decade. Could we face the bear market of 1973—1974 all over again in the new millennium?

During those two years, the S&P 500 plunged more than 40% and the U.S. economy fell into a deep recession. If the same type of recession were to happen today, we might see inflation rising more than 12%, three-month T-bill rates of more than 10% and oil prices climbing to over $100 per barrel.

When the market plunged in the '70s, smart investors knew that the down times wouldn't last forever. They looked beyond the loss to see an opportunity for potential gain. While speculators jump at the first signs of trouble, investors know they can put time on their side.

Could the 1973-1974 Bear Market Happen Today?

The economy was strong, but a recession led to a market slump of over 40% by 1974. Though many factors contribute to economic downturns, here's what might happen to three key economic indicators if we were to experience a recession of that magnitude:

1972	1974		2000	2001
3.41%	12.20%	Consumer Price Index	3.40%	12.16%
3.84%	8.00%	30-day T-bill	5.14%	10.71%
$3.16	$12.93	Oil price per barrel	$26.80	$109.66

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Crunching For College Cash? Here Are A Few Tips

- Start Saving as early and as regularly as possible. In fact, you may want to consider establishing an automatic investment plan specifically for your child's education.

- Remember: the more time you have until your child or grandchild goes away to college, the more aggressive your investment plan should be. Consider stock mutual funds as an excellent choice.

- Apply for financial aid as soon as possible. There is a set amount of funds for these programs each year, so even if you are eligible for aid, you may lose out if you do not apply as soon as possible.

- Borrow as inexpensively as possible. Some possible sources of lower-cost college loans include: loans from grandparents or other family members; home equity loans; loans against your employer-sponsored retirement plan; and policy loans on whole life insurance.

- Stay informed. Many guidebooks list alternative sources of financial aid, including awards from corporations and community groups. The company you work for may also offer help with college costs, including scholarships.

- Don't neglect your own retirement. It may seem selfish, but it can help shelter part of your overall assets from financial aid calculations, and it could help prevent your children from having to support you financially when you retire.

Which Money Market Is Right For You?

By William Stevens

So you want to invest in a money market fund? This is a very, very conservative approach. Do you have enough in equities? Do you have a short-term investment horizon? If you are looking for income, taking on a little Net Asset Value (NAV) risk—in other words risking some of your principle investment—in a short-term bond fund may raise your expected returns considerably. However, if a money market fund suits you, then the following facts will help you choose the right one for you.

Money market funds come in many different flavors, and investors can benefit from choosing one that best suits their tax situation. Here are some pointers:

- Investors in high tax states should always start by looking at a state-specific municipal fund, but be sure to compare it to the after-tax yield (interest rate) of a taxable fund. The yield difference is not as great as you might think and taxable funds sometimes yield more, even after tax.

- Investors subject to the alternative minimum tax (AMT) should avoid funds that own a lot of "AMT paper." That information should be available in the semi-annual report or from contacting the fund.
- Government funds and U.S. Treasury funds may offer some tax advantages at the state level that could compensate for slightly lower yields than straight money market funds. Securities that are issued by the U.S. Treasury, as well as some other government agencies such as the Federal Home Loan Bank, are not taxable at the state level, but each state has certain rules about passing through these exemptions.
- Investors in tax-deferred accounts, such as an IRA, should never choose a municipal fund.

The most conservative investors will also want to consider credit risk. The U.S. Treasury funds could be ranked as the most conservative followed by government funds, a tie for straight money market funds versus national municipal funds, then state specific municipal funds. These are very fine gradations, however, since one of the basic rules guiding money market funds is that each security should represent "minimal credit risk."

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portion of workers are seasonal, part-time or high turnover.

"Right now, we're seeing a lot of hand-wringing around this issue," says Kate Repa, a vice president of HR One, a group that advises businesses on human resource policy. The reason for employer anxiety, especially among small businesses, according to Repa is, "A lot has changed in the last five or six years. In that period, we have seen a big shift in workers' attitudes. Before, people signed on at a place and pledged to a company, expecting the company to take care of them. They assumed they would be in a job for a lifetime."

That expectation, as most people know, has changed radically. "The shift has been prompted in part by the technology industry—the dot-coms and start-ups of the world," says Repa. "There is a big change in the allegiance employers have for employees and vice versa. That change has made employees especially nervous about what they will do when they must retire. Ironically, today, it's more and more common for employees to keep jobs for only three to four years. That seems to be about the going rate, especially in high-tech,"

Bucks as bait

Repa believes, though, that a retirement plan can be used "as a lure for workers. People are working for shorter lengths of time. They hear about Social Security running out. They are living longer and having to get by on less."

The lure of a retirement plan is effective. The Small Employer Retirement Survey found that, among small employers who do sponsor a retirement plan, nearly half (47 percent) reported that offering pensions has had a major impact on their ability to hire and retain good workers. Also, a third said the programs have had a major impact on employee attitude and performance.

Not surprisingly, busy as they are, many small business owners don't know about the types of plans available. The survey reported more than half had never heard of Simplified Employee Pensions (SEP), although most knew about 401(k) savings plans.

The truth is, it pays to explore retirement plans. For one thing, don't assume all their benefits go to your employees. "A pension plan affects the business owner as well as employees," Charles Ruffel CEO of PlanSponsor in Greenwich, CT, tell *Business Edge*. "It can act as a tax shelter. This is one mechanism in America today, with the exception of mortgage interest, that allows you to protect your income from taxes."

But, most importantly perhaps, it enables you to be competitive in recruiting good employees. "The competition is providing benefits to employees," says Lori Friedman, of the Lang Group in Bethesda, Md., "so you have to get on the program or you become non-competitive,"

One good turn

Friedman cites two important reasons why small business owners should have retirement plans: "First, employee motivation. A deferred compensation plan gives employees a stake in the employer's future. It will boost morale, increase productivity and improve workers' attitudes.

"Second, for the employer, it can be a tax planning tool. Contributions are tax-deductible if the employer is making a contribution to the plan." (Not all plans require an employer to contribute; many of them require a contribute only from the employees.) Within the plan, investments grow on a tax-deferred basis. By contrast, a simple investment in a mutual fund, for example, is taxed, but a retirement fund is not taxed until the retiree draws from it. Friedman points out that "most employees will have a lower income after retirement. A recent survey indicates that, for most Americans, a post-retirement income is approximately 40 percent of what they make while in the workforce. So, it makes sense to put the money into the retirement fund now at a higher income and withdraw it when in a lower tax bracket.

OK with a 401(k)

Retirement plans come in several varieties, but currently the most popular among small businesses is the 401(k), the term used by the IRS. It defines the maximum amount that can be deposited each year on behalf of a future retiree without being taxed—$11,000 now, soon to be $15,000. Repa of HR One points out that 401(k) s are the most flexible and "are popular with employers because they are so attractive to employees," Some of them are funded only by workers' contributions. That is, each employee chooses how much he or she wants withheld from wages and put into the fund. Other forms of 401(k) enable business owners to supplement the employees' contributions. Of course, such supplements provide a tax break for the employers.

A 401(k) plan is a "qualified" plan. That is, the IRS allows the contributor to defer paying taxes until the money is actually taken out of the fund after retirement. Ruffel of PlanSponsor says, "Employees increasingly want a 401(k) plan because it is the most tax-efficient way to save. No one believes it is the most tax-efficient way to save. No one believes in Social Security any more."

Is it expensive for business owners? Not according to Ruffel. "It used to cost a lot for employers in recording keeping fees. Now, it's a third of what it used to be. The cost may be in the thousands, rather than tens of thousands."

Typically, among small businesses, according to Ruffel, the business does not make any kind of contribution to the fund. The employees are the only contributors. "The business owner sets up the plan and pays for record keeping and administration."

So, where can a small business go to set up a plan? It could be a bank or an insurance company. As Ruffel says, "Call up one of them and they'll be in your office tomorrow."

Is Money a Dirty Word?

We need it. We're in business to make it. So why is it so hard to talk about money with our friends, our mates and our employees?

People are funny about money. We spend most of our waking hours either making or spending it. We fear not having enough, but are embarrassed if we have too much. With friends we openly discuss politics and work. But to reveal how much money we have or make, well, somehow, that seems "too private." Even employers who know how much their employees make rarely discuss money attitudes.

Yet, many of us take a voyeur's delight in learning about how much money other people have and how they spend it. Like it or not, employees seem to savor office gossip that reveals how much the boss or a fellow worker if making. Many businesses respond by making any discussion of salaries a terminable offense.

"It's simply not good business practice," says Ron Shields, human resources director of a large Indian casino in the Northwest. "It's a strictly confidential matter between the employee and the company. If you allow your employees to break the rule, then you're inviting jealousy, resentment and gossip that can quickly undermine team unity."

When it comes to giving away money, American business folks are a charitable lot, often making great show of it. Tune in any Labor Day weekend to the Jerry Lewis Telethon and watch the corporate executives scrambling all over one another to have their company be seen doing something good.

Yet when it comes to making money, we will ruthlessly barter, quibble and cajole our suppliers to shave every cent possible to get the best deal. After all, it all goes to the bottom line, doesn't it? Isn't that why we're in business—to make money?

Even on vacation from making money, it's never far from our minds. We'll worry and fret over the best travel bargains just so we can go somewhere and not have to worry about money. But it still permeates our time off. One of America's biggest leisure time activities—participated in by more than 50 percent of all adult Americans—is gambling. Whether it's a casino, bingo hall or a few bucks worth of lottery tickets, taking risks with hard-earned cash for the chance to win more is "entertainment."

Sex, Age, and Money

The two biggest determinants of our attitudes about money come from our gender and our age. For a generation now, studies have been pointing our the strong inter-connection between our money and the success of our marriage. Conflict over money remains a major cause of marital breakup. Of course, nobody seems to be able to decide whether money problems cause a marriage to go on the rocks, or whether money simply becomes the most overt lightning rod for fundamental disagreements. If men are from Mars and women are from Venus, then the currencies of those two planets are also different.

In marital disputes, it's usually not about how much money there is, but how satisfied each partner is with both the amount and how it's being spent. In other words, it's our attitudes

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What Kind of Estate Plan Is Right For You?

Estate planning is simply a fancy term for the process of arranging for what will happen to your property (estate) if you pass away. Depending on your age, health, wealth, and innate level of caution, you may not need to do much at all in the way of estate planning. And even if you do decide you need a will or a trust, you probably won't need a lawyer. It is easy and safe to prepare most basic estate planning documents yourself, especially if you have hardly any big investment accounts.

Keep in mind that age is an imprecise proxy for life expectancy, which is affected by all sorts of other factors—heavy smoking while participating in extreme sports and driving a motorcycle, for example. Here are some categories that might apply to you.

You're 25 and Single

At your age, there's not much point in putting a lot of energy into estate planning. Unless your lifestyle is unusually risky or you have a serious illness.

You're Paired Up, But Not Married

If you've got a partner but no marriage certificate, a will is almost a must-have document. Without a will, state law will dictate where your property goes after your death, and no state gives anything to an unmarried partner. Instead, your closest relatives will inherit everything.

You Have Young Children

If you have children they you should really think about Estate planning. First, write a will. Nothing fancy—just a document that leaves your property to whomever you choose, and names a guardian for your children. If you fail to name a guardian, a court will appoint someone—possibly one of your parents.

Another reason to write a will is that if you don't, some of your property may no not to your spouse, but directly to your children. When given a choice, most people prefer that the money go to their spouse, who will use it for the kids.

You're Middle-Aged

If you've made it to a comfortable time in life and accumulated some material wealth, you will probably want to take some time to reflect on what you will eventually leave behind. But given that you may well live another 30 or 40 years, there is no need to obsess about it. Chances are your conclusions will be different in 10 or 20 years, and your estate plan will change accordingly.

You're Elderly or Ill

Now is the time to take concrete steps to establish an estate plan. It's also a good idea to think about what could happen before your death, if you become seriously Ill and unable to handle your own affairs. First, consider a probate-

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13 Facts About the $1 Bill

Pull out a $1 Bill, look at the back, and find all the 13s listed below

- 13 steps on the pyramid
- 13 stars above the eagle
- 13 bars on the shield
- 13 leaves on the olive branch
- 13 fruits on the branch
- 13 arrows in the eagle's grasp
- 13 letters in the Latin above the pyramid, ANNUIT COEPTIS
- 13 letters in E PLURIBUS UNIM

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come in," he said.

A cold shiver ran up Dave's back as he put down the phone. "I wonder what that's all about?" he told his brother after repeating the accountant's words. "Aw, it's nothing," Robert said, shrugging it off. "How could our business be any better?" he laughed. "Look at how much we've grown!"

A week later, the accountant had the brother's attention as he sat them down and began simply. "Look guys. I'm an accountant, not a prophet. My job is to convert what you guy's do every day into accurate numbers and records. But those records are always based on what has already happened, not what's going to happen." "So?" asked Robert. "That's always true. Just what are you seeing in our records that's got you so worked up?" "Well it's not about what's in the records, but what isn't there—the future. When you look at the numbers, you're seeing the past. But what often happens—especially if your past records some big successes like you guys have done—is that it's taken as some kind of prophecy or promise or even guarantee of a successful future, and that's dangerous."

What the Crowe brothers were facing is not unlike what many successful small business are facing today in the wake of a phenomenal decade of economic growth.

"No matter your business, the successes you've had in the past are no guarantee of what happens to your business in the future," says Ron Davies, local banker for the Crowes' business. "There is no automatic growth curve. I know, we bankers look at what's gone on in the past as some measure of assurance for future risks. But history is littered with banks and businesses who didn't see change coming. If there's anything that's certain during good times and bad, it's that change is coming."

Change is Inevitable

Whether local, regional, national or global, economies are dynamic. That means they move. Market conditions change, interest rates fluctuate, political upheavals in far-flung trouble spots of the world can come home to roost in the form of higher prices or changing access to materials.

Change can also be positive as new technologies and distribution capabilities create new opportunities for cost savings. But such changes can also leave a small business on the wrong side of the curve with newly outdated technology or new competition. Yesterday's success is tomorrow's dinosaur—forgotten, fossilized and extinct.

Meanwhile, businesses must continue to plan, buy inventory, upgrade facilities and equipment, and hire and train staff based upon their projection for tomorrow's market environment.

"We've just upgraded all our equipment to be able to handle the new generation of expensive laminates and composite materials," says David Crowe. "But if the housing boom slows down at the same time as customers opt for less expensive materials, we may be sitting on some very underutilized assets."

But the savvy small business owner must also learn to look not just at tomorrow but to the day after. Tomorrow's hot, new, trendy technology may indeed become expensive boat anchor if public passions cool. Change can happen fast and the rate of change today often appears to be increasing exponentially. But just like driving a car, the faster you go, the farther down the road you must look to stay on track.

Profit: An 80/20 Proposition

The well-known 80/20 rule when applied to small businesses says that 80 percent of your return is likely coming from 20 percent of the effort. That means that the profits you realize are probably not evenly distributed over your entire product or service line.

To either ignore or incorrectly embrace the 80/20 maxim can lead to some dangerous distortions for a small business. Knowing what your most profitable lines are and emphasizing them is important. It's the old adage of doing what you do well and trying to be all things to all people. After all, we live in an economic world built on specialization.

But there is something to be said for diversity, too. Over-specialization can lead to a kind of brittleness that doesn't stand up well in times of change. Just as investing in only a few stocks rather than holding a diverse portfolio can leave you vulnerable to market fluctuations, so relying on the patronage of only one or two major clients can leave you vulnerable should their business conditions change. More than one successful small business has suddenly been forced to close their doors when the priorities or ownership of a major client changed.

The Depreciation Trap

The depreciation line on a balance sheet or tax return is often viewed as "found money," a painless way to enhance cash flow on paper without requiring any hard, out-of-pocket dollars. But beware the reality behind those "funny money" figures. They are meant to represent real changes in the value of the physical assets they stand for.

But the only way to accurately assess the true value of your physical assets is with a long, hard

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from companies with whom you have credit, such as credit card issuers, department stores, banks, mortgage companies, finance companies, and so on. Some information, such as bankruptcies, judgments, lawsuits, and tax liens, comes from the public records of various court systems.

Credit bureaus, the folks who compile credit reports, are governed by the federal Fair Credit Reporting Act (FCRA) and by various state laws. There are three primary credit-reporting agencies in the United States: Experian, Equifax, and Trans Union.

The FCRA permits the credit bureaus to list positive information on your credit report for an indefinite period of time. However, federal law says that accurate negative information—things such as a late payment or an account turned over to a collection agency—can only stay on your credit report for seven years. (The exception being bankruptcies, which can remain on your credit report for up to 10 years.)

Understanding Your Credit Report

Along with your credit history, your credit report includes a summary of public records. This is followed by a detailed description of each item in your credit history. Entries that may have a potentially negative effect on your future credit extension are generally listed first on the report. Additional details about your accounts are also provided, listing up to 24 months of balance history and your credit limit or high balance on credit cards or accounts, or your original loan amount.

Your credit report will also include a listing of who has requested your credit history. This section shows you who has looked at the information in your credit report or was given your name during the past two years. These are called "inquiries."

The personal information section about you includes data associated with your records that has been submitted to the credit-reporting agency by you, your creditors, and other sources. They are as follows:

Name(s): If variations of your name were reported to the credit bureau, they will appear in this personal information section.

Residence(s): Your present and previous addresses will be included. Also appearing here is a geographical code, similar to a ZIP code, representing your state, census tract, block group, county number, and the Metropolitan Statistical Area associated with your address. Your report also may indicate whether you are a homeowner or renter.

Social Security Number(s): If variations of your Social Security number were reported to the credit-reporting agency, they will appear here.

Verifying Information: Information used to verify the data you provided to a credit grantor also might appear in this area. This may include the following: date of birth, driver's license number, spouse's name, and various phone numbers.

Employer(s): Your present and previous employers will be listed here if they have been reported to the credit-reporting agency.

Notices: This section calls your attention to further explanations of any personal information.

If you have questions after reviewing your report, the bureaus invite you to contact them. Their customer service representatives will work with you to resolve any questions.

Disputing Your Report

Credit bureaus can make honest mistakes. Perhaps you and your dad have the same number or maybe you have another relative with a similar name or similar Social Security number. If you believe that some of the information in your report is inaccurate, you should notify the credit bureau within 90 days. They will check the information at no cost to you. You may call or write to them with your dispute. The appropriate phone number and address for your area will be listed on the credit report. If you write, be as specific as possible and include copies of pertinent documents.

When they receive your dispute, the credit-reporting agency will ask the sources of the information to check their records. Incorrect information will be changed, and information that cannot be verified will be purged. This process takes about 30 days. Once the research is complete, the credit bureau will send you the results of their research. If you still disagree, you may then request that a statement be added to your credit report. You may also request the business name and address of the source of the reinvestigation information. "Frivolous" or "irrelevant" disputes (generally those which do not contain specific information or exact reasons) will not be checked.

You have probably seen or heard those advertisements from companies claiming that they can "repair" your credit. The truth is, however, that no one can remove accurate, current, and verifiable information from your credit report. Many states have laws regulating these companies. You might want to check with the Better Business Bureau or a local consumer protection agency before paying for credit "repair" services.

If you are in credit trouble, the National Foundation for Consumer Credit (NFCC) has more than 1,000 nonprofit member agencies that can help you establish a budget and negotiate repayment plans with your creditors. Call 1-800-388-2227 for the address and telephone number of the NFCC office nearest you.

Standards and Practices

The Fair Credit Reporting Act is designed to promote accuracy, fairness, and privacy of information in the process of granting credit. The information in your credit report is supplied to the credit bureaus by public record sources, credit grantors, and others. The credit bureaus then organize and store the information for distribution to credit grantors, employers, and insurers who are making credit, employment, and insurance decisions about you.

The FCRA requires certain things of those who supply information and those who use the data. The credit-reporting agencies have responsibilities in connection with the credit-granting and –reporting processes. The FCRA also gives you specific rights in dealing with these agencies,

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such as:

Limiting access to your file to those having a permissible purpose recognized by the FCRA—usually to consider an application you have submitted to a creditor, insurer, employer, landlord, or other business, or to consider you for an unsolicited offer of credit.

Your consent is required for reports that are provided to employers or that contain medical information. A credit-reporting agency may not give a report about you to your employer, or prospective employer, without your written consent. They are also not permitted to report medical information about you to creditors or insurers without your permission.

You may choose to exclude your name from credit-reporting agency lists for unsolicited credit and insurance offers. Creditors and insurers are currently permitted to use file information as the basis for sending you unsolicited offers of credit or insurance. Such offers must include a toll-free telephone number for you to call if you want your name and address removed from future lists or offers. You may seek damages from violators. If a credit-reporting agency, a user, or (in some cases) a provider of credit-reporting data violates the FCRA, you may sue them in state or federal court.

You can find out what is in your file. The FCRA protects you from being hurt by incorrect information. If you are getting turned down for credit and think that there is something wrong, you should get a copy of report. You have the right to challenge incorrect information.

Upon request, a credit bureau must give you all the information in your file and a list of everyone who has recently requested it. However, you are not entitled to any information concerning so-called "risk scores," "credit scores," or other economic predictors that are in your file. There is no charge for the report if a creditor used you file's information to take unfavorable action toward you and you request the report within 60 days of receiving notice that the information in your file was used by a third party unfavorably. You are also entitled to one free report every twelve months upon request if you certify that (1) you are unemployed and plan to seek employment within 60 days, (2) you are on welfare, or (3) your report is inaccurate due to fraud. Otherwise, credit-reporting agencies may charge you a fee of up to eight dollars.

You can find the complete text of the Fair Credit Reporting Act (15 U.S.C. 1681 et seq.) at the Federal Trade Commission's Web site (www.fta.gov). You may have additonal rights under state law. Contact your state or local consumer protection agency or you state's attorney general to learn those rights. Your credit report is a record of your financial life. Fortunately, you have rights and protections under the Fair Credit Reporting Act. So, request a copy of your credit report and see for yourself what it says about you. You may be surprised.

Checking Your Credit Report

Remember that if you've been denied credit, you can receive a free credit report by contacting the reporting agency within 60 days. If you are a resident of Colorado, Georgia, Massachusetts, Maryland, New Jersey, or Vermont, you may be entitled to one free credit report every 12 months. If you're interested in finding out more, here are some resources:

Experian (formerly TRW) offers online access to credit reports. A fee of up to $8.50 (not including tax) may apply. For more information call 1-800-311-4769, or try their Web site at www.experian.com.

Equifax Credit Information Services will sell you a credit report for $8.50. For more information call 1-800-685-1111, or try their Web site at www.equifax.com.

Trans Union will sell you a credit report for $8.50. For more information call 1-800-888-4213 or try their Web site at www.tuc.com.

You can order a three-bureau credit report from MoniTrust.com for $29.99. Contact them at 1-800-227-1479, or try their Web site at www.monitrust.com.

TrueLink, Inc. provides secure Internet access to information from Equifax, Experian, and Trans Union. A single credit report on-line from one major credit bureau is $7.95; a 3-in-1 credit report by mail is $29.95. Try their Web site at www.truecredit.com.

The National Foundation for Credit Counseling assists consumers with credit problems. To find an office near you, call 1-800-388-2227. Or try their Web site at www.nfcc.org.

Tired of Pre-Approved Credit Card Offers?

Changes in the federal Fair Credit Reporting Act allow you to be removed form credit card mailing lists. All it takes is a toll-free telephone call to 1-888-567-8688. This call can remove your name from the three major credit bureaus' mailing lists for two years. When you call, a recording will ask for personal information, including your Social Security number (which they already have anyway), address, and phone number. You can also request a form that will permanently delete your name from the mailing lists they supply to credit card issuers. The National Waste Prevention Coalition says that stopping these unwanted mailings can really make a difference. If 500,000 people took advantage of the law, at least 12 million fewer pieces of mail would be sent each year. So, save

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look at their condition, repair and maintenance costs, reliability and state of obsolescence. Is technology changing so fast that a piece of equipment you own today will become obsolete long before its is fully depreciated?

More importantly for the future, how will the true state of your physical assets impact future cash flow or the need to borrow to purchase replacement or upgraded equipment?

Taking Inventory of your Inventory

For retail and manufacturing businesses, the total dollar value of your inventory shows up on your balance sheet. But those dollars are yet to be realized until a sale is made. By taking careful stock of exactly what is included in your inventory, you may discover that you have earnings or borrowed money tied up in items that are not moving quickly or may never move.

A more realistic appraisal of your inventory will give you a much better picture of the future of your business than will the numbers on your balance sheet.

"That's true," admits Robert Crowe. "If we're sitting on a warehouse full of last year's hot flavor of ceramic tile and a newer, hotter style comes on the market, we're likely to have to get into some heavy discounting or eat the load entirely. That's the price of having enough inventory on hand to be able to turn a job around faster than the competition."

All Success is Relative

Another major distortion can occur if you are looking only at your own balance sheet for evidence of your success. What's missing, of course, is the size of your potential market. Just how big is it? How much of the total market have you been able to capture, and how much went to the other guy? Why are his customers not your customers?

Are there important trends emerging that might indicate you customer base is being siphoned off to the competition? What can you do to capture some or all of that business? Have you become so complacent and comfortable with your past success that you're not doing due diligence to maintain it into the future? Remember, the marketplace is dynamic. Change is the rule, not the exception.

The balance sheet has its place. It is an essential tool—a snapshot in time that tells you where you were. But it is also an abstraction that often can distort reality.

Today, the Crowe brothers—thanks in part to their accountant—have begun to take a longer-term, more strategic look, not only at their own business, but at where their market and the industry as a whole are going over the next 10 years. That means, tracking down information about new techniques and materials being developed and tested that could ultimately impact how they do business. It also means keeping a closer eye on the competition, and keeping current with a little marketing analysis of their own customers' satisfaction.

It is true that the profits of the past few years have given them a huge push. But that momentum won't be enough to carry them into the future. For that, they'll need to heed the words of the prophet that say, "Success belongs to those who continue to succeed."

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about money that are key. From childhood onward, our attitudes about money can become the flash point for any number of life-changing events—marriage, changing jobs, starting a business, buying houses and vehicles, giving our family a comfortable life, divorce, investing for retirement and providing extended care for our declining years.

Age, too, affects our attitudes about money. Last May, the Houston Chronicle reported on a study conducted by the America Association for Retired Persons and *Modern Maturity* magazine, which concluded that strong family relationships, good friends, helping people in need, education and religious faith were all valued above simply being rich. In fact, the survey reported that 80 percent of the participants believed too much money would turn them into "greedy people who consider themselves superior."

Seventy-five percent said wealth promotes insensitivity to others. Yet between the sexes, 40 percent of the women declared that they did not want to become wealthy while only 27 percent of the men agreed.

The survey also uncovered the perception that GenXers aged 18 to 35 and young Baby Boomers tend to want more money than older Americans.

Can Too Much of a Good Thing Be a Bad Thing?

The last 10 years could rightfully by called the Decade of New Millionaires. *The New York Times* reports that new millionaires in Silicon Valley, for example, are being minted at the rate of 60 per day. Is it any wonder that one of the top-rated TV shows is "Who Wants to Be a Millionaire?" Perhaps not everyone wants an instant million bucks. But never before in American history have so many been making so much at such a young age.

Yet if a couple of California psychologists are to be believed, making a lot of money at an early age has turned into a trendy new kind of psychological malaise called "sudden-wealth syndrome."

Stephen Goldbart, Ph.D., is a licensed clinical psychologist who teaches at the Marin Psychotherapy Institute in Marin County, Calif. He and partner Joan DiFuria, MFCC, a licensed marriage, family and child counselor with expertise in business and psychology, founded the Money Meaning and Choices Institute (www.mminstitute.com) in Kentfield, Calif. There they are treating several dozen clients, most of them men, under 40 and working for a dot-com. The typical patient worries about his company's stock options, his mansion and his Range Rover, and suffers from depression and the perception that his life has no meaning. All have recently become suddenly wealthy.

Part of the therapy offered by the MMCI involves helping those suffering from suddenly wealthy syndrome to find a balance between time and money, and among the four domains of life—self, relationships, work and community. Often that means that patients must find higher meaning for their lives by getting involved—not just with their checkbook, but with a personal

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