

VIP

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New lending options for those who need it most

While the financial news remains fixated with the ongoing mortgage crisis, there have been some very positive developments in another area of lending: small-dollar consumer loans for military families. Specifically, there are several efforts underway to bring previously underserved or “unbankable” customers into mainstream banking, rather than forcing them to rely on predatory lenders.

This fall, the Federal Deposit Insurance Corporation (FDIC) began a pilot program designed to bring lower-income and, therefore, higher-risk consumers into the banking mainstream by encouraging traditional banks to offer small-dollar loans. These loans can be up to \$1,000 at reasonable interest rates, with no prepayment penalties, and with a savings and/or financial education component.

In addition, on October 1, 2007, Department of Defense (DoD) regulations provided anti-predatory lending protections for service members and their families, including a

36 percent annual percentage rate (APR) cap on certain types of loans.

These DoD regulations, like the FDIC program, are designed to help bring underserved military personnel into mainstream banking instead of relying on predatory lenders that have been accused of trapping them in an endless cycle of debt. The new DoD lending guidelines specifically reference the FDIC small-dollar loan program as a viable alternative for service members who previously thought mainstream banking was unattainable.

Several banks and credit unions offered such products in advance of the FDIC program, including Pioneer Services, the military banking division of MidCountry Bank. Specifically, they began offering the “NewPath Loan” in military markets.

The NewPath initiative mirrors specific criteria set forth by the FDIC program



and was developed to reduce the military market's reliance on high-cost, non-bank loan providers. The NewPath Loan also provides financial education and a \$50 contribution—paid for by the company—to an emergency savings account after the loan is paid in full.

Through these types of collaborative efforts, both the government and the private sector are working to protect the financial well-being of service members and their families. Pioneer Services encourages other lenders to endorse and promote similar efforts.

Gone phishing: A bit of prevention, a byte of cure

Imagine you have served more than 20 years in the military, received numerous commendations, and built up a level of trust with your peers. You have become everything you want to be—perhaps even a bit more—and successfully met every challenge.

Then, someone steals your identity. They use it for profit while leaving devastation in their wake. And they do it under your name. It's called “identity theft,” and it happens every day to individuals throughout the military and civilian communities.

For companies, “phishing” is similar to identity theft. The difference is that a phishing scam doesn't seek to rip off a company, but instead uses the good reputation and name of

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Budgeting: A marriage's dirty word

By Cliff White, Lieutenant Colonel, U.S. Army (Ret.) and Pioneer Services Regional Manager

In good times and in bad, for richer or for poorer, you promised to love your spouse no matter what. Sometimes that “what” turns out to be your spouse’s chronic mismanagement of money. On a military salary, financial missteps can add up to big problems down the road.

Couples say the thing they argue about most is money. According to *Making Marriages Last*, published by the American Academy of Matrimonial Lawyers, the number two cause of divorce is financial problems. In addition, only four out of five couples say they use a family budgeting method.

“Just mentioning the word ‘budget’ to my husband makes him feel like I’m trying to restrict him from buying what he wants,” says a sergeant first class from Fort Hood, Texas.

Why has budgeting gotten such a bad rap? According to psychologist Dr. Bradley Allen, “Budgeting implies that you have to set limits, compromise. In our society of wanting something and wanting it now, a budget limits our ability to achieve our desires.”

What couples don’t realize is that by budgeting, they can focus on buying “bigger picture” items. It’s also a *plan for spending*, not a way of painstakingly tracking each penny earned. So how does a family start a budget?

The first step is to find out how you would like to split your earnings. In Caroline Bird’s book, *The Two-Paycheck Marriage*, she outlines three budgeting models that describe most marriages and the advantages and disadvantages of each.

Equal-Share Couples

These couples put an equal amount of their respective salaries into joint checking or savings accounts to pay for joint living expenses. The money each spouse has left over is put into individual accounts and spent at his or her discretion.

- » **Advantage:** Each spouse contributes to daily expenses and each has money to call his or her own.
- » **Disadvantage:** If one spouse earns much more than the other, the other spouse may feel resentment for having to provide equal funds.

Proportional-Share Couples

Each spouse contributes a percentage of his or her salary for joint living expenses. The remainder is for each to do what he or she pleases.

- » **Advantage:** Both contribute and both retain their own funds.
- » **Disadvantage:** Difference in amount paid could cause resentment.

Pooler Couples

These individuals combine all their income for joint and personal expenses. Money is then held in either joint or separate accounts.

- » **Advantage:** The work is valued equally, regardless of the salary earned.
- » **Disadvantage:** Sometimes the spouse with the lesser income may not feel he or she has as much say in how the joint income is spent. Spouses may feel like they need to discuss all purchases with one another, regardless of the size of the purchase.

*On a military salary,
financial missteps can
add up to big problems
down the road.*

Once you have decided how to divide up the joint and personal money, think about how you would like to ensure you’re sticking to a specific budgeting system.

Five different kinds of budgeting systems are outlined in *Money Flow Systems for One- and Two-Earner Families*, by Wanda S. Mowry. The trick is to find one that works for both of you. This could take a few months to discover, so don’t get discouraged if the first try doesn’t work.

Cash Box System

Cash is kept in a jar, moneybox, or envelopes. Amounts are designated for various bills and are paid in cash. What is left at the end of the month is put into savings.

Combination System

Each earner contributes to an “our” fund but maintains his or her own money for personal spending. The “our” fund is used for joint living expenses.



Paycheck System

One spouse handles all the income and pays all the bills. The other receives money that can be used for personal spending.

Pool System

The incomes are pooled and bills are paid in an informal partnership.

Separate System

Each spouse has his or her own money and is responsible for certain bills.

If you are the primary bill payer, make sure your spouse understands what needs to be paid monthly. Consider rotating who pays the bills on an every month or six-month basis. It’s important that both spouses understand what needs to be paid and when, in case of an emergency.

You may also want to include older children into your bill-paying cycle. By educating them on what products and services cost, they will have a better understanding of how to budget their own money as they get older.

About the author

Cliff White retired as a Lieutenant Colonel from the U.S. Army after 20 years of active duty service. He is a graduate of both the U.S. Army Command and General Staff and the Air Force Command and Staff Colleges, and has served in various armor, cavalry, and comptroller command and staff assignments, including overseas tours in Germany and the United Arab Emirates. He is currently a regional manager for Pioneer Services, an Accredited Financial Counselor and a Certified Credit Report Reviewer.



VIP's mission is to provide information to audiences who share the vision of improving operational readiness through education and services that enhance the quality of life and financial independence for military families.

For more than 20 years, Pioneer Services has been a leader in military lending. They offer the protection and security of a personal loan with the speed and flexibility service members need. Through a network of offices and on the Internet, Pioneer Services offers loans, financial education programs, and supports military families and communities through a variety of partnerships, programs, and sponsorships.

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Gone phishing

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a company to rip off consumers. These scams are dangerous, not always easy to identify, and even the most intelligent and cautious consumers can fall victim.

The way it works

Phishing is a way to get people to share vital financial information, usually via e-mail. The trick is that the phisher uses a real logo, and the e-mail address appears as if it's from a legitimate and well-known company. PayPal, eBay, Amazon ... all have had, and continue to have, their names used by phishers. Even the Better Business Bureau has had its brand stolen and used in phishing scams.

Why companies care

A company's "brand" is more than just its logo. It includes position in the market (McDonalds or Wal-Mart), reputation (Rolex or Ferrari), or a product so successful its name became the standard for everything similar (Kleenex or Post-It Note). Many companies spend a great deal of time building their brands, and some brands are valued in the billions of dollars.

When someone takes that brand and uses it illegally, it tarnishes the brand's image and can decrease its value. It can also lead to higher prices for consumers due to legal action, tighter security for Web sites, or legitimate communications with customers to inform them of an ongoing scam.

The point is, phishing scams cost everyone money, not just their victims.

Protect yourself

The following are a few ways to protect yourself from phishing scams, based on recommendations from The Anti-Phishing Working Group (APWG),

a group of individuals and companies that fight online fraud.

- » **The simple things** — If you've never bought anything from a company, chances are you won't be getting an e-mail from them. But if you have done business with the company and aren't sure of the e-mail, look for incorrect spellings and poor-quality images often found in phishing schemes.
- » **No rush** — It is highly unlikely that any legitimate company will tell you, without prior warning, to contact them immediately; most will give you a few days. So beware of e-mail messages that request immediate action.
- » **Protect your information** — No company will ever ask for your social security number, account number, or password via e-mail or even over the phone. They will only do so from secure sites when online, and will only ask for a simple identifier over the phone (e.g. the last four digits of your social security number, not the whole thing).
- » **Ignore the links** — If you're not sure about an e-mail, never click on a link it contains. It is possible to make one Web site address look like a different one. (For example, it may look like you are on www.yourbank.com, but in reality you are on www.phishersite.com.) Instead, use either a bookmark or type in the site's address into your Internet browser.
- » **When all else fails** — If you're not sure what to do, just call the company in question. Odds are they'll help if it is a real problem, and you can notify them of the phishing scam if not.

Your help is needed

The easy thing to do is just delete any phishing e-mail you receive. Doing so, however, won't make the problem go away, since no one else will know what you received, where it actually came

- from, and who is responsible. So it's absolutely imperative that consumers report the phishing e-mails they receive. Fortunately, it's easy to do:
- » **Mark it as spam** — Most of the large providers (Yahoo!, Hotmail, etc.) have a button you can click to notify them the e-mail you received is spam. From there, the sender's information is entered into a database that can help the e-mail provider stop similar ones in the future.
 - » **Notify your e-mail provider** — If you have been absolutely overloaded by phishing e-mails, contact your e-mail provider directly and report the abusive messages.
 - » **Contact APWG** — You can also send the message on to the Anti-Phishing Working Group using the guidelines on their Web site: www.antiphishing.org/report_phishing.html

By reporting these messages, you help build up a database of offenders, provide valuable information that can stop new types of attacks, and save companies and consumers millions of dollars.

Remember, phishing scams affect everyone—military and civilian, rich and poor, young and old, company and customer. But by taking a few steps to protect yourself and reporting the messages you receive, you can make a difference and help put phishers out of business.

You can find more information on this issue at www.antiphishing.org.



'Tis the season for giving

The holidays are always a special time, but for some families, they can be a difficult time as well. As a way to help those who give so much for their country, Pioneer Services gave back to military families in a number of ways this holiday season.

» **Seasoned Greetings** — For more than 10 years, Pioneer Services has given back to military families by handing out commissary gift certificates to those in need. Pioneer Services continued the tradition this year by giving out more than 1,000 certificates worth more than \$20,000 to military families in need. Dubbed the “Seasoned Greetings” program, the certificates helped military families with food purchases during the holidays. A specialist at Fort Belvoir, Va., who received some of the certificates, sent a note that shows the impact of the program. In it, he wrote, “We were going to have hotdogs for Thanksgiving, but instead we’re able to have a delicious turkey and all the extras. When it comes to caring, Pioneer Services is number one.”

» **Association of the United States Army (AUSA) food drive** — The Kansas City chapter of AUSA approached Pioneer Services for assistance during its annual food drive. To make things interesting, the company turned the drive into an interdepartmental challenge, and the friendly competition to raise money and food turned into an enormous success for everyone involved—more than 3,000 cans of food, hams, and turkeys were donated by associates over a two-week period.

» **Las Vegas Adopt-A-Family** — Associates at the Las Vegas branch partnered with the Nellis Air Force Base (AFB) “Adopt-A-Family” program to help ease the difficult times some military families experience this time of year. They adopted four separate military families. Their children—four girls and eight boys from the ages of three to 14—had varying wish lists that included toys, musical instruments, video games, dolls, and stuffed animals. Pioneer Services also donated gift cards

to the parents from stores such as Wal-Mart, Bed Bath & Beyond, and Best Buy. The toys were delivered to Nellis AFB Dec. 14, by a contingent of local Pioneer Services associates, and were then distributed directly to the families.

» **Stand Down** — The Heart of America Stand Down Foundation is dedicated to helping homeless military veterans by giving out blankets, food, and other items, as well as providing access to needed social services. One of the organization’s premier events is handing out these items the week after Thanksgiving at Kansas City’s Memorial Hall. For the second year in a row, associates from several departments took advantage of the company’s Volunteer Time Off benefit and spent time assisting with the event.

» **Toys for Tots** — This is the fourth year that Pioneer Services participated in Toys for Tots, the Marine Corps program that gives holiday cheer to needy children. Associates at the company headquarters in Kansas City, Mo., donated more than \$1,000 worth of toys.

Chief Operating Officer Joe Freeman summed up all of these efforts perfectly when he said, “Giving back to the military community, especially at this time of year, is part of who we are as a company. These families do so much for us, it’s only right that we find ways to show our appreciation and help those who need it most.”



Soldiers load up a truck full of food donated by Pioneer Services for the AUSA food drive.



Pioneer Services associates in Kansas City, Mo., collect more than 3,000 food items for military families in need.



Associates are all smiles after assisting with the Stand Down event at Kansas City’s Memorial Hall.



Left to right: Amy Hutchings, Marianne Napolitan with daughter, Shanda Olson with daughter and Margaret Rios deliver gifts from Pioneer Services associates to Santa’s hangar at Nellis AFB as part of Las Vegas’ “Adopt-a-Family” program.



Just a few of the hundreds of toys donated by Pioneer Services associates to Toys for Tots.



Visit your local Pioneer Services office to learn more about these unique services.

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