

YOUR BOTTOM LINE

Financial Reform Bill and What It Means For You; How to Score a Real Bargain; Best Places to Live

Aired July 17, 2010 - 09:30 ET

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POPPY HARLOW, CNN HOST: Well, good morning, everyone. The Senate passing sweeping financial reform. That bill now headed to President Obama's desk. Now that we know what's in it, we're going to dig deeper on what it all means for you.

And we're watching our wallets this morning. We'll show you how to score a real bargain on everything from furniture to fashion and high-tech gadgets.

Plus, "Money" magazine out with its annual list of the best places to live, from the top earnings towns and the most affordable cities and where all the jobs are. we're going to break it down for you. It's the show that saves you money and it starts right now.

It is finally here. The Wall Street reform bill, of course, a response to the financial crisis that shook this country, it aims to protect you, the consumer, but what does it really mean for your bottom line?

Jack Otter is the executive editor of MoneyWatch.com. Rick Newman is the chief business correspondent for "U.S. News & World Report." And our friend, Lynnette Khalfani-Cox, her latest book, "Perfect Credit: Seven Steps to a Great Credit Rating" it's out this month.

Thanks for being here, guys. First things first. Finally this is through. What's in it that really matters? What do you think --

LYNNETTE KHALFANI-COX, AUTHOR, "PERFECT CREDIT": I think it will definitely help and there is no question that consumers need to be more informed and also they do need certain protections. And part of what the Consumer Protection Bureau is designed to do is just that, to help stop abuses and prevent predator lending, make sure there's more disclosure. It doesn't solve all the problems, obviously.

One thing we obviously need to talk about is what's not in the bill. Fannie and Freddie, for example, are not addressed at all and that's a big criticism.

HARLOW: Big mortgage backers.

KHALFANI-COX: Right. And I mean, these are two huge behemoths that touch you know, four out of five loans in this country.

HARLOW: That's been a lot of criticism. Also, Rick, I know you've been very outspoken on the fact that the Consumer Protection Agency, your big concern that consumers will say hey the government is here to watch over me and now that they won't watch themselves closely enough.

NEWMAN: That's right. Well, there's one thing the government can never do which is make you watch out for yourself and make you make smart decisions that are good for your family. I mean, we just heard Elizabeth Warren talking about tricking and trapping families. Well, a lot of families tricked and trapped themselves. I mean, what we've learned through the whole crisis is we have a massive financial literacy problem. Financial illiteracy is an epidemic.

And people -- to me, the bottom line to me is people need to get smarter about how to spend their money, about how much they need to save, about not taking debt on just for stuff they feel like buying. Take on the right kind of debt, you know, for investing in a home, not just buying a vacation or something that m0(f)3(e) investing(lves.)-8(I)1-11(tfor)6(infe(001460.33a328.13Tm r.33..)4(a

(CROSSTALK)

OTTER: And this brings us to a

NEWMAN: Yeah, and some people are doing this voluntarily and I think one of the most interesting ways to look at this is people who are -- these strategic defaults on mortgage, people who can pay, but are walking away. That is a significant number of people. We don't really know the extent of that, but it's a lot of people.

And that indicates people who are saying I am willing to take the hit on my credit and for however long it takes, you know, five to seven years or a little longer, I will just live on cash. And you know, other people are saying, I took on so much debt I don't want any more debt, they realize that this is really onerous.

And so, we're getting into that, but if you are kind of going down that road, you know, we need credit to basically get ahead, I mean, to invest in big things. You need to be able to borrow. So, to some people that's a prudent thing to do, just live off of cash for a little while, but I think you might risk falling behind if you do that.

That said...

HARLOW: Well, what's your take, Jack, when we look at how people can address the issue of having a low credit score? Because I want to show people all the credit score killers. We've a good list of them, but how can they address this problem?

OTTER: Well, the biggest way is to do what Rick is saying and not borrow money.

HARLOW: Easier said than done.

OTTER: Yeah, exactly. I mean, buy a smaller House, that way your loan to value ratio is better. You're seen as less of a risk and it is OK that you have a lower credit score because the bank isn't taking as much risk by lending to you. I mean, I think, the big picture here is that for decades -- not just on a short-term thing, for decades Americans have been borrowing more than they are making and there is no way the readjustment is going to be anything less than very painful.

NEWMAN: But, this gets back to some very basic and simple things, such as save more money. I mean, people think, used to think I didn't have to save because my portfolio was going up or my home was appreciating in value, but we have learned the way to build wealth is to save money. It's that simple.

HARLOW: It is. And Lynnette, you always make this point, there is good credit and good debt and bad debt.

KHALFANI-COX: Right, obviously, the good debt is the stuff that can help you get ahead, as Rick mentioned, you know, we need, sometimes we might need a loan for to start a small business, perhaps you need a loan to get a home that you want or maybe even investment property.

Student loans can be a form of good debt, but the key also is that any form of debt, whether it's good debt, because it helps you to earn more money or to get a higher income, as in the case with student loans, can turn into bad debt actually very quickly, if you overextend yourself, if you aren't smart about how you're borrowing.

So, while we kind of traditionally associate credit cards, for example, as being bad debt because generally higher interest, it's not tax deductible, once you consume it, you can't do anything else, you know, that kind of thing, any form of debt can become bad debt.

HARLOW: You have to keep an eye on all of it. You guys, this is a lot of great advice, thank you so much. Lynnette, Rick, Jack, thank you.

Well there's a new breed of debt collectors on the loose, they're aggressive and if they are after you, you have to know your rights. Helping us do that today, from Washington, is Julie Brill from the Federal Trade Commission.

Thanks for being here, Julie.

JULIE BRILL, FTC COMMISSIONER: Absolutely, Poppy.

HARLOW: You know, an astounding statistic from the FTC saying complaints about debt collectors up 50 percent last year? What's driving it?

BRILL: Well, complaints from consumers about debt collection are up a great deal and largely that's a reflection of the underlying economy and the aggressive tactics that some debt collectors are taking in order to try to recover funds from consumers. You know, consumer debt, overall, is at a \$300 billion level and that's up 500 percent, five-fold, over the last six years. So, there's a tremendous amount of debt out there and therefore, there is a lot of activity in terms of trying to collect that debt.

HARLOW: You talk about these aggressive tactics. First of all, what are they and is that illegal?

BRILL: Debt collectors are allowed to engage in legitimate practices in order to try to collect debt. They're allowed to call the consumer at reasonable hours, they're allowed to contact the consumer through the mail. But there are certain things that they're not allowed to do.

They are not allowed to be harassing on the phone, they're not allowed to use obscene language, they're not allowed to talk about your debt to third parties like your employer or other people. So

out and we actually check out these places for intangible things: community spirit, what's this place really like and then we come up with our list.

HARLOW: I always try to get on those assignments because you know you are going somewhere good. When it comes to housing, that's a big issue for folks, especially in this market. Where did

ROSATO: All right, well, this is going to be not a huge surprise. Of course, the place where most single people are college towns, so if you want to put rich and single, it's a beach town, Newport Beach, California.

HARLOW: Beautiful place.

ROSATO: Right, 30 percent of people who live there are single. The average median income there is over \$140,000. It's a beautiful place. It's got a great boardwalk, there's lots to do. You can see, it's not too far from L.A. You can see why it would attract the young and affluent and the professional singles.

HARLOW: Celebrities, I am sure.

ROSATO: Yes.

HARLOW: All right, drum roll? The best town on the whole list is...

ROSATO: Well, this will please you very much being a Minnesota girl. The No. 1 place that we found overall that had a package of everything, Eden Prairie, Minnesota.

HARLOW: Got to love it. Got to love it.

ROSATO: This is about 18 miles west of Minneapolis-

Of course, as we said, you can check out more of those best places to live online right there at CNNmoney.com/best places.

Now, from the best places to live to the best bargains, we're going to help you score some serious

HARLOW: That's a good point. What if -- this one is hysterical to me. You can save money by switching the font that you print in?

GLASSMAN: Who knew this? I just learned this myself, too. But really, there is a font called Century Gothic, which is a light weight font. And if you uses this font, it uses 30 percent less ink than Ariel. So, most computers are loaded with Ariel.

HARLOW: That's what I use.

GLASSMAN: Well, and you can actually change your font, but you can save a lot of money that way. And think about it, a lot of people are setting up home offices right now or the students are sending out a ton of resume, so really a good trick.

HARLOW: Ink cartridges are expensive. Airfare is really expensive, as well.

GLASSMAN: Airfare, it's really all about timing, Poppy, when it comes to airfare. The best time of the week is mid-week, on Wednesday, believe it or not at 12:01 a.m. you get the best airfare.

HARLOW: Stay up until midnight.

GLASSMAN: Stay up until midnight and you can get the best airfare. The worst time is actually Saturday, sadly. So, all viewers today should not look for airfare today. Wait until Wednesday.

HARLOW: That is a very good point. Well, everyone has time on the weekend, so that's when they start looking. All right, designer fashions, high-end clothes, a lot of them Prada, Gucci, they don't seem to go on sale, but they actually do if you look in the right places.

GLASSMAN: They really do. The hottest thing right now are these members-only sample sale Web site. Every -- they are amazing like gilt.com, ideali.com, ruelala.com. You can sign up for these Web sites, totally free, they'll send you mailings everyday about which high-end designer is going to be there.

But my tip about shopping that way, is you want to shop from the bottom up. So, when you go online, most people shop from the top down, so if you shop from the bottom up and because they have limited inventory to begin, with you have more chances of nabbing something great.

HARLOW: All right, well, you know, now that you know how to snag a fantastic bargain, we're going to help you score some stuff for free. The key, all that junk you got lying around your house.

(COMMERCIAL BREAK)

HARLOW: All right, of course, something free for you this morning. A new type of social

And folks, we'll see you right back here next weekend for the show that saves you money. But, right now it's time for a check of your top stories in the CNN NEWSROOM, CNN SATURDAY continues, right now.