

COMMUNITY CORNER

Commander urges Soldiers, Families to make wise financial decisions

By Col. William Clark
GARRISON COMMANDER

When you find yourself strapped for money, short of what you need to pay a bill or Murphy comes along with a "gotcha" financial emergency that requires a larger than normal cash expenditure, you may feel that you have few options without taking your financial problems to the myriad of businesses off the installation. Many are more than willing to help, but do they all really have your best interest at heart? The sad truth is that many do not. Specifically, we are talking about payday loans, high-interest consumer loans and rent-to-own contracts.

Payday lenders lure consumers with messages like "Get cash until payday! \$100 or more...fast!" These ads are everywhere, including radio, television, the Internet and even on the billboards outside our gates. These loans are called payday loans, cash advance loans, check advance loans or post-dated check loans—and they come at a very high price. Payday lenders create a cycle of debt, encourage chronic borrowing and hold annual interest rates as high as 6,000 percent.

Here's how payday loans work: A borrower writes a

personal check payable to the lender for the amount they want to borrow, plus the fee they must pay for borrowing the money. The lender gives the borrower the loan amount and agrees to hold the check until the loan is due, usually the next payday. The fees on these loans can be a percentage of the face value of the check or they can be based on increments of money borrowed—typically \$100 to \$150 for every \$1,000 borrowed. The borrower can either return on or before the loan is due and buy back their check by paying the cash amount of the loan and the fee, rather than the lender cashing their check. Usually, the borrower will do nothing and the lender will simply cash the check. Unfortunately, what happens too often is the next option. If still short on cash, the borrower can pay another fee—usually \$50 to \$100 per \$1,000 borrowed—to keep the check from getting cashed for another payday. This is called a "rollover," and many Soldiers get into a cycle of debt because all they can afford is the rollover fee. Some Soldiers do this every payday



Col. Clark

for months thereby paying incredibly high interest rates which feed the cycle of debt, according to a Federal Trade Commission Alert at www.ftc.gov/bcp/edu/pubs/consumer/alerts/alt660.shtm.

Citing these practices as "predatory," military leaders were successful in convincing Congress that such loans were having a detrimental effect on military moral and readiness. As a result, the 2007 Military Authorization Act included a provision that places severe restrictions for lending institutions making payday loans, car title loans—for small amounts not tied to the value of the car, and tax return anticipation loans to military members and their dependents. In many cases, these restrictions make it all but illegal. Many lending institutions, however, continue to circumvent the law.

Another important provision of the 2007 law is a cap on the interest rates that can be charged to military members and their dependents for consumer loans. The maximum annual percentage rate (APR) allowed is 36 percent, and all fees associated with the loan must be figured into the APR, which does not include late fees or other penalties after the loan is made. However, a common practice among many institutions, including some of our

local military lending institutions, is to focus on the interest rate that does not include the additional fees and draw your attention away from the actual APR.

While the APR, by law, must be annotated on the loan, lenders often display the "agreed upon interest rate" in a very conspicuous manner but force you to look deeper into the fine print for the APR—the actual rate you are paying after all fees are included. Experience has taught us many Soldiers doing business with these organizations believe they are paying the lower rate. Yet APRs on loans from local military lending institutions typically range from 27 to 36 percent.

A 22-month loan made last year to one of our Soldiers for \$2,319.25 had an APR of 34.22 percent. The Soldier now has payments of \$171.48 per month and will pay \$1,453.31 in interest and fees or almost 63 percent of the original loan amount. This is the kind of financial decision that will lead one to serious debt problems. If already in serious financial trouble, this kind of decision can push a Soldier or Family over the brink and into total financial disaster.

Please remember, we all have better options than taking a high-interest loan and digging ourselves into a deeper financial

hole. One should seriously consider an AER loan. AER loans, because they are interest free, make it more likely one can avoid future financial problems rather than getting into a cycle of increasing debt. For example, using the loan amount above, one would have to pay only \$105.42 per month, saving the entire \$1,453.32 in interest and fees. Even with a personal loan with a bank at 12 percent interest, one's payments would be only \$117.97 per month, saving \$1,177.22 in interest and fees.

When our financial experts and educators ask Soldiers why they used high-interest loans instead of going through AER, Soldiers said they were too embarrassed or otherwise reluctant to get their leadership involved in their financial business. One must remember leadership is here to assist Soldiers and Families alike. An AER loan is still a much better option than paying thousands of dollars in interest one can avoid and getting into a cycle of debt from which one cannot recover. We find most Soldiers that get the high-interest loans end up needing an AER loan anyway, but now they have a bigger problem to overcome. Army leaders would rather have Soldiers address their financial issues while they are smaller using an AER loan. As an insti-

tuition, there should never be a stigma associated with seeking financial assistance.

Soldiers also should talk to their creditors. One will often find having an honest conversation with one's creditors will result in a willingness on their part to work with you. One also may find the late fees are small in comparison with the fees associated with a high-interest loan.

Rent-to-own contracts and purchases from "discounters" that automatically extend credit to "all active-duty military and federal employees" are other areas where we see Soldiers and Families get into a financial hole. By the time one has rented long enough to actually own something from a rent-to-own place, one typically has paid five to eight times the actual value. Similar to the rent-to-own operations, the "discounters" also typically charge more than the fair-market value. Even when not overcharging on the front end, they still charge high-interest rates. They have to because extending credit to "everyone" comes at a cost, and the customers are the ones paying that cost.

If you would like to comment on this column or suggest a topic for the Community Corner, send an email to rlc.post.news@paper@comus.army.mil.

Reintegration symposium provides 'stress reducer' for spouses

By Melony Gabbert
1ST INF. DIV. POST

"This is the highest turnout for any integration training," said Heather Stewart, mobilization and deployment specialist, Army Community Service. "This was not just another class."

Stewart was referring to the daylong Beyond the Bullets and Beans symposium, a reintegration training and stress-reduction event Aug. 25 at Riley's Conference Center. Three workshops were offered during the symposium, which featured bio-feedback, an iRest program, mini-relaxation techniques and Bal-a-vis-x, a series of exercises based on rhythms and cross-lateral movements.

"This was for the 1st and 2nd (Heavy Brigade Combat Teams) coming home. The point was for us to provide reintegration training in a social setting, not to make it too heavy," Stewart said. "We want to celebrate the Soldiers coming home by making ourselves prepared and resilient. We hit all the pillars, between the classes and the speaker."

The return and reunion workshop, Stewart said, had participants talking and joking so loudly they could be heard in the hall.

"It went extremely well," she said.

And, the financial workshop offered "good advice and

planning for homecoming," said Brittany Cotter, a military spouse.

Before the lunch buffet, Penny Monetti, motivational speaker, author and military spouse, gave a presentation to the spouses. Beginning and ending her presentation with "video tributes," Monetti sprinkled her presentation with tales from her own experience, as well as literary and Biblical references.

"Celebrate. This is a time to enjoy. Your honies are coming home," Monetti said. "Be patient when your honey comes home."

Monetti reminded the audience several times during her presentation they were having a normal reaction to an abnormal situation.

"Spouses are heroes. You're courageous ... You're selfless ... You're the foundation of your Family," she said. "Take care of yourself, so you take care of your Family. When you're strong, your Family is strong."

At the end of her presentation, more than 100 military spouses gave Monetti a standing ovation.

"It was excellent. It really touched my heart," said Terrie Johnson, a military spouse, about Monetti's presentation.

"She was fantastic. It was just what I needed to hear," added military spouse Jamie Wright.

Teri Keys, also a military

spouse, shared the same sentiments with Wright.

"She did great," Keys said about Monetti. "(It was) very emotional. I tried to keep myself together."

Ricki Rhodes, another audience attendee, said she like the slideshow Monetti presented.

"It was very, very uplifting," she said.

"As an (Family readiness group) leader, Ms. Monetti's experiences and advice on maintaining physical, mental and spiritual wellness in your marriage and within yourself really resonated with me," said Dina Cano, military spouse.

Monetti said she has always been involved with church speaking, and when she published her first book, she realized she had a passion for helping other women. "At my last writing conference, the speaker asked, 'What do you know,'" Monetti said. "I have been a military wife for 23 years. I know what it's like to not know if your Soldier is coming home, to move kids from school to school, to go overseas. Our nation is thirsty for support and encouragement right now more than ever."

Stewart said she believes Monetti resonated with her audience members.

"From what I hear, everyone loved her," Stewart said. "We've never had her before (as a speaker), so we knew no one would have heard her before."

Stewart also said this was the

first reintegration symposium of its kind.

"We're learning a lot—what to keep; what to add. We've never done reintegration training on this scale before or in this environment. This is not so textbook," she said.

Stewart said she is hoping to continue this type of reintegration training.

"We're hoping to do this again in the future, using this platform to provide reintegration training. Hopefully do it for all spouses," she said. "This is the best format we can possibly offer for redeployment. We wanted to do something they hadn't seen before."

The symposium reached a wide range of spouses, Stewart said.

"We completely filled our child care to capacity. We even had one male spouse in the audience," she said. "There was a wide range of ranks, even

Volunteers are needed to be school crossing guards at Fort Riley.

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