

April 2009

# CHUBB REPORT

## WHAT'S GOIN' ON BY WAYNE CHUBB

On our "monthly" date night (which we have 2-3 times a year), Heather and I ran into some friends who complimented us on this newsletter, and who clearly did read it. Thanks to all of you who do, and for your feedback – it really is appreciated. And Sandy, I forgot to ask – did you make it to the Testicle Festival in Virginia City last month?

This month is packed with places to go and things to see, not including Easter events, which I've mostly left off as they alone could fill this page on their own. Look no farther than your local church or community center. The one Easter event I'll recommend is the **Easter Egg Express**, a steam train trip from Woodland that follows the Sacramento River and stops for an Easter Egg hunt and a visit by the Easter Bunny, on April 11 and 12.

Two events that did really grab my attention are the **Central Valley Pizza Festival**, April 17-19 in Le-moore (anyone for a 9-foot pizza?), and the **Medieval Fantasy Festival**, April 18-19 in Vacaville. It is billed as "Earth Day with a Celtic Flair" and features a "Ratapult". I don't know exactly what that is, but I want one.

The weekend of April 17-19 is a bit crowded. Want gardening ideas? Head for the **Sacramento Historic Rose Garden Open Garden** at, believe it or not, the Sacramento Cemetery on Broadway, or the **Amador County Home Tour** in the Shenandoah Valley – in the midst of some great wineries. Prefer family fun? Head for the 100<sup>th</sup> year of **Picnic Day at UC Davis**, **ZooZoom 5K and 10K runs and Kid's Race** at the Sacramento Zoo, the **Indian Crafts Market** at the CA State Indian Museum at Sutter's Fort, and the **Mountain Man Trader's Faire** at Sutter's Fort as well. For my fellow fly fishers, **Kiene's Annual Fly Fishing Expo** rolls around on the 18<sup>th</sup>.

That brings us to the weekend of April 24-26, and lots of big men in skirts. That would be **Sacramento Valley Scottish Games and Gathering** at the Yolo County Fairgrounds, an event that dates to 1876. Another biggie is the **Asparagus Festival**, which attracts 100,000 people to the Stockton waterfront to eat really tasty weeds. Cal Expo hosts both **Festival de la Familia**, a great family event with a Latin flavor, and the **Woodworking Show** (a must if you're a woodworker). Farther afield, the **Solano Wine and Food Jubilee** brings over 100 wineries to the Nut Tree, the **Grass Valley Classic Car Show** comes to downtown GV, and the weeklong **Wild West Stampede** takes Auburn by storm with 5 days of events that culminate with a PCRA Rodeo. For a little lower key excitement, try the **Woodland Library Rose Club Garden Tour** or **Sunday in the Gardens** in Folsom, both tours of private gardens.

The month finishes with the start of the month long **Feats of Clay** event at Gladding McBean in Lincoln. It is loosely based around the plant that was once one of the largest clay pipe manufacturers in the country, and showcases both the art and science of everything pottery. Go to the website, and make at least some time to catch it.

Enjoy your garden, have a glass of wine, and we'll see you in May.



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## SHUFFLE AWAY YOUR DEBT WITH BALANCE TRANSFERS

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You're ready to conquer your credit card debt, and the last 0% balance transfer offer you received in the mail looked appealing. However, you need to find out whether the fees involved in the transaction cancel out your interest savings. If you accept a balance transfer offer, you want it to help you toward the goal of paying off your debt - and avoid just shuffling your debt to different cards

through a game of credit-card poker with your banks.

The credit card company that offers the balance transfer may offer a 0% rate for a limited time, such as six months to a year, or the balance transfer offer could include a fixed interest rate on the balance transfer amount.

Your promotional rate on your transferred balance will generally last six, nine or 12 months. However, this can be tricky if you already have a balance on the card to which you are transferring more debt.

Suppose that you owe \$2,000 on your credit card with a 15% annual percentage rate (APR) before you transfer a balance of \$1,000 from your second card. The balance transfer rate you are offered is 0% for six months. You pay off \$1,000 in six months, but because the 0% portion of your credit card debt is paid first, you will be charged at the 15% APR rate for six months for the \$2,000 that was untouched by payments. Meanwhile, the card you transferred \$1,000 from has a rate of 12% APR, representing a loss of 3% for you. You could cost yourself money in interest paid and transfer charges by using a balance transfer offer in these circumstances. The money you lose only multiplies when you transfer more balances if you are doing it at the risk of being charged more interest at a higher rate on the remainder of your credit card balance.

Going above 25% of your maximum credit limit on any of your cards can raise your interest rate on any or all of your credit cards. This is because your credit score is partially based on how close you are to your maximum credit limit.

Consider the following circumstances:

You have a \$10,000 limit with a \$1,250 balance. You are using 12.5% of your credit limit. If you transfer \$5,000 the total balance is \$6,250 or 62.5% of your credit limit.

This 50% increase in your balance on one card could cause the interest rate to rise on all your cards, because any of the credit card companies

handling your accounts can access your credit score.

Most balance transfer fees range from 3-5% of the amount you are transferring. Occasionally, you can find fee-free balance transfer offers. If you are charged a fee, there is usually a maximum amount that can be charged for the transfer.

For example if your balance transfer fee is 3% to a maximum of \$75 and you transfer \$5,000 to your card.

\* 3% of \$5,000 is \$150; \$75 is less than \$150.

\* \$75 is your balance transfer fee.

\*  $\$75/\$5,000 = 1.5\%$  interest charged.

If your balance transfer offer is good for six months, you save money as long as you pay off your balance within six months and the interest rate you would have been charged on the card you transferred the balance from was above 3% for 12 months.

**Beware:** If you transfer over a debt and expect to pay it off before the promotional rate ends but fail to do so, the mistake can be very expensive. Similarly, if you default under any of the cardholder agreements, such as by forgetting to make a payment, going over your limit, or bouncing a check, the interest rate can jump to the default rate, which could be as high as 30%.

### Balances Worth Transferring

Let's say you have five credit cards, each with a \$2,000 balance. Each card has a different interest rate ranging from 8-15% APR. Transferring a balance over to a lower interest rate card is a good idea; even if your balance isn't paid off before the promotional rate expires on the balance transfer, the remainder will be paid off at a lower interest rate.

### Alternatives

**1. Pay off your highest interest rate card first.** While a balance transfer doesn't always make sense because of the fees attached, paying off your highest interest rate card first is always a good strategy. If you have credit cards with interest rates of 17%, 15%, 12%, 11% and 10% APR, pay off the credit card with 17% APR first.

**2. Negotiate interest rates.** It's free to ask your credit card providers to reduce your interest rates. If you also have credit cards with less-expensive rates, mentioning these may be a good bargaining tool. As long as you maintain a good credit score, you have negotiating power.

*[Continued on page 3]*

A couple of Fridays ago Wayne called to let me know he would be getting in later than usual because he had a late meeting. He was in Southern Oregon, where he makes sales calls about once a month, so I didn't think much about it. I told the kids they could stay up until dad got home. By the time he finally rolled in around 9:30 Carson and Owen had been peering out the window for about half an hour so they were the first to spot him. I was in the kitchen and heard Carson call out "Dad's on crutches!" I asked if he was joking—he's pulled off this kind of joke before—and he insisted Wayne was really on crutches. . . and so he was.

Turns out he was fishing in the morning and the gravel shifted under him, but his knee stayed put. Being Wayne (he's famous for his fishing trip death marches) it wasn't until after hiking 3/4 of a mile back to the car and completing his entire day of sales calls that he decided he was uncomfortable enough that maybe having a doc look at the knee might not be a bad idea. That final meeting turned out to be at the hospital in Medford where they determined that he had sprained his MCL and may have torn the meniscus. He was sent home with the aforementioned crutches and a very stylish strappy Velcro hip to ankle leg brace. The doc also tried to give him a prescription for Vicadin—I guess he didn't hear Wayne say he was driving back to Sacramento?!?

Fortunately, this time Wayne was able to walk out of the river back to his car and he was fishing in an area where there were people coming by periodically so someone would have found him eventually if he was immobile, but it really made me think. He has a tendency to let me know the general area he will be on his trips—Seattle, Portland, Southern Oregon—but oftentimes not where he is staying. And he also tends to go fishing alone in relatively remote areas. Sure we talk each evening, but there have been times when I couldn't reach him and my imagination goes wild with worry. Usually he is incommunicado because his phone has died, but what if it was something else? I wouldn't know where to call to find him, and just as important, the authorities might not know where to find me.

I tucked this information in the back of my head and continued on with life until I was relating this story to my wonderful assistant, Cheryl, and she relayed another story about a friend of hers. This time the story was a little scarier. The husband was on a business trip to D.C. and began feeling poorly while in the hotel lobby. Since there were plenty of people around he was able to get help quickly. After a trip to the hospital he returned to the hotel to rest. He called his wife to explain what was going on and where he was stay-

ing. Like Wayne this husband also tended not to provide the details of where he was staying. The next morning his wife called his cell phone, but he didn't respond. She called the room directly and still no response. By this time she was really worried. She called the front desk and arranged for someone to go up to the room to check on her husband. As the hotel staff arrived at the door out walked hubby. He was fine, but he had turned off both his cell phone and the hotel phone to get some much needed sleep.

This incident really gave me a wake up call and I began to wonder how many others were going along in the same manner. It also made me think about going on vacation. How many of us have planned a vacation, told our loved ones generally where we were going and when to expect us back? We've left our cell phone numbers, but that's about it. Now, what would happen if something happened to you on the trip? Who would know? Would the authorities know who to contact? We all need to think about the answers to these questions and take steps.

Unfortunately, with the prevalence of cell phones, I think we have a tendency to believe we are always available so we provide less information. From now on I suggest we all do the following. First, program your cell phone with one or more ICE numbers (ICE = in case of emergency). For example, in my phone if you look under "I" you will see "ICE—Wayne Chubb" and all his numbers. You can add more ICE numbers simply by using ICE2, ICE3, etc. This way the authorities can gather some information and make the call. What if you are separated from your phone? Make sure your wallet includes an emergency contact card. This is simple enough to create and is something we give all our clients with their Kids Protection Plan. Not that **you'll** ever need one...

*Written by Heather R. Chubb, Personal Family Lawyer, speaker, and MOM. Heather makes it easy for your family to talk about and plan for tough subjects like money, death and taxes, and other life transitions. Visit her online at [www.chubblawfirm.com](http://www.chubblawfirm.com).*

*[Debt Shuffling—Continued from page 2]*

**Conclusion** Before you shuffle your credit card debt, make sure you're not dealing yourself a hand where you're bluffing yourself into thinking one or more balance transfers will fix your debt problem. Think carefully about all your interest rates, keep fees in mind, and avoid transferring a balance to a card with a higher interest rate. And above all, your end goal needs to be paying off all your debt with an amount in your monthly budget set aside to do so. Otherwise, you may never get rid of your debt, and the lenders

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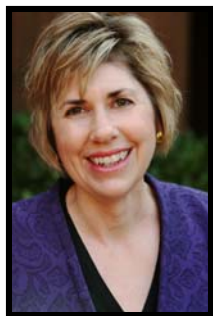
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Sometimes you just gotta laugh. Owen, my recently turned 4 year old, is learning to recognize his own name and the letters in it. At dinner the other night he was pointing to the letters on his cup and spelling his name. He likes to put groups of letters together and ask what they spell. This time of course it spelled "Owen", but Wayne made the comment that if you turned the letters upside down they (sort of) spelled "nemo". Almost immediately we heard Owen say "like this?" and there's his cup upside down . . . with milk spilling all over the table.

This little incident reminded me how important good communication is. Sometimes we just don't give enough information, and the results can be disastrous. Communicating your wishes when it comes to your estate plan is something that shouldn't be left to chance. If you already have a plan in place make sure you let your loved ones know that it exists and where to find it. You also need to let the people involved know what their role is. Most importantly, make sure your plan contains enough "take care of me" instructions to ensure that what you want to happen will happen. In my office we help people take care of all these instructions to make sure all of your life transitions are smooth and handled in a way that reduces unnecessary delays and trauma. If your plan doesn't do all this, or you're not sure give us a call, we can help take away the mystery and get you on the road to having a plan that works.

All my best,

