

Union Plus credit card puts working families first

The credit card industry is facing a wave of changes mandated by credit reform legislation Congress approved last year amid widespread public anger over the financial industry bailouts, worries about tight credit, and a revolt against abusive practices by the big banks and other firms that issue credit cards.

President Obama signed the Credit Card Accountability, Responsibility and Disclosure Act of 2009—the Credit CARD Act, for short—last May but many of its provisions didn't take effect until last month.

Among other things, the law aims to make credit agreements easier to understand and the reforms it orders could save Americans billions of dollars a year by cracking down on hidden fees, retroactive rate increases and interest rate penalties for even the slightest infractions.

In the months before the law took effect, card issuers scrambled to raise their rates to make up for some of the money they will no longer collect in late penalties and hidden fees.

Some letter carriers who carry the NALC Union Plus credit card have complained about rate increases by HSBC, the international financial institution that backs the Union Plus card as part of the Union Privilege program established by the AFL-CIO. But even with the increases, the Union Plus card is a good deal for working families.

As the accompanying table illustrates, not only are its rates lower, the card already had a lot of the protections spelled out in the CARD Act—plus many others that extend beyond the new law's requirements.

That means that if you're one of the nearly 75,000 active and retired members of the NALC—around one-fourth of the union's membership—who carry a Union Plus card, you will be more

secure in the current era of tight credit than your neighbors who are at the mercy of traditional cards.

The Union Plus card is just one of the many low-cost offerings available to NALC members under the Union Privilege initiative. The program leverages the combined buying power of millions of union members to negotiate discounts on a variety of products and services—and that includes having a say-so over how the Union Plus credit card is administered. HSBC had to negotiate with Union Privilege for the opportunity to issue the union credit card, and protecting members and getting them a good deal was a major part of the agreement.

Among the Union Plus card features now required by the CARD law of all credit card companies is a ban on “double-cycle” billing—card issuers are now forbidden from charging more interest when account holders switch from paying their balance in full to carrying a month-to-month balance.

Also, a cardholder's interest rate cannot be influenced by payments made on other, unrelated credit accounts (sometimes referred to as “universal default”), and any major change in account terms requires advance written notice of 45 days. These safeguards were already in place for Union Plus card holders.

In addition, the new law requires that advertisements for credit reporting services now must carry a disclaimer stating that truly free, no-strings-attached credit reports are available under federal law, and that the only official website for such reports is AnnualCreditReport.com.

“In these rough economic times, it's important for all of us to be smart about using credit, carrying a low balance and paying off our cards when we can,” said NALC President Fred Rolando. “Since the beginning, the Union Plus card

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program has always strived to make that a realistic goal and help members who carry the card stay out of financial trouble.”

It was no surprise that many card companies immediately began looking for ways to sidestep the CARD Act’s restrictions and cook up new fees and other devices to wring more money out of cardholders, such as charging for account and billing statements and converting fixed interest

rates to variable rates that, in reality, only “vary” upward.

“I’m confident that our friends at Union Privilege will continue to take the high road,” Rolando said. “The Union Plus card set a standard for fair policies and honest practices that other companies are now being required to follow.”

For more information on the Union Plus Credit Card and other programs, see the January *Postal Record* or visit nalc.org/nalc/members. ✉

The Union Plus Credit Card Advantage

Feature/Practice	Other Cards	Union Plus
Change in Rates	<ul style="list-style-type: none"> Up 3 to 18 percentage points 	<ul style="list-style-type: none"> Up 2 to 5 percentage points (risk-based)
Default Pricing on Existing Balances	<ul style="list-style-type: none"> Yes. Rates as high as 29.99%. Many currently triggered by a SINGLE late payment; some 2 late payments in 12 months 	<ul style="list-style-type: none"> None
Default Pricing for New Purchases	<ul style="list-style-type: none"> Rate: As high as 29.99%; top issuer average 28.97% Triggers: Many use SINGLE late payment, overlimit or returned check Many offer no right to cure, others offer cure after 12 months of on-time payments 	<ul style="list-style-type: none"> Rate: Lower than leading cards. Prime + 19.99% Triggers: Better than other leading cards. Twice 3+ days late; twice over limit; once 3+ days late and once over limit; or late twice and over limit once in 12 months Right to cure: Member can earn back original rate with 6 months of on-time payments
Mandatory Arbitration	<ul style="list-style-type: none"> Yes, force consumers to waive their right to a trial 	<ul style="list-style-type: none"> No mandatory arbitration clause
Special Protections	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Job Loss Grants (\$250,000/yr) Hospital Care Grants (\$150,000/yr) No-cost debt management plans, bankruptcy counseling (\$130,000/yr) Disability Grants (\$350,000/yr) Free credit and budget counseling Layoff Helpline Disaster Relief Fund (\$400,000) Skip Payments Secured Credit Card Full-time Union Member Advocate, OPEIU employee
Raise Rates Any Time on New Purchases	<ul style="list-style-type: none"> Claim the right to change rates for any reason 	<ul style="list-style-type: none"> Terms can change only if Union Privilege reviews and agrees
Union Privilege oversight	No	Yes
All Calls Answered In U.S.	No	Yes

Source: Union Plus