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CREDITWATCHER



Accounts Receivables News brought to you by CREDITWATCH Services Ltd.

Holiday 2010 Edition

WHO IS **CREDITWATCH**?

CREDITWATCH Services Ltd. is a accounts receivables management firm located in Fort Worth, Texas.

We are a SAS70 certified agency and we are also licensed to do business in all 50 states. We maintain comprehensive bonding and insurance to protect our interests and the interests of our clients.

We offer a wide spectrum of products and services including first party and third party collections.

We have both a client and a consumer based website that offers a myriad of options to alleviate debt.



Our education department, CREDITWATCH University, offers onsite training of your Accounting staff on basic collection techniques.

The diversity of our database and the use of state-of the art com-



CREDITWATCH Services is now on Facebook!

CREDITWATCH Services now has a page on the social network, Facebook. Daily updates are posted with information regarding our company, the collection industry and consumer targeted information segments. Also posted is a link to our CREDITWATCH University u-tube video. With this new innovation, **CREDITWATCH** can continue it's presence in the accounts receivables industry.

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5 Credit Card Predictions for 2011

By Jeanine Skowronski – December 7, 2010

Credit cards haven't exactly had their best year: The Credit Card Accountability, Reform and Disclosure (CARD) Act of 2009 imposed stricter regulations on credit card issuers and, in turn, made it harder for many Americans to get a credit card. But you can't blame credit's woes entirely on the CARD Act.

Studies have shown that the economic downturn itself was enough to cause 8 million consumers to retire their credit cards, and for the first time ever the total payment volume for Visa (Stock Quote: V) debit cards surpassed that of credit cards, meaning credit was no longer the plastic payment of choice

The diversity of our database and the use of state-of the art computer resources all combine to maintain the most comprehensive accounts receivables programs available in the industry.

“The BOTTOM LINE is we want to improves YOURS!”

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Can the credit card industry expect more bad news in the new year? Tim Chen, CEO of popular credit card review site NerdWallet, shared his thoughts on what might happen in the credit industry in 2011.

⇒ Consumers will use [mobile phones](#) as payment tools. Chen says that three major mobile phone companies - Verizon Wireless (Stock Quote: VZ), AT&T (Stock Quote: T) and T-Mobile (Stock Quote: DT) - have come together and Discover (Stock Quote: DFS) to form Isis, a venture to provide mobile payment solutions through [cell phones](#). This is a threat to Visa, MasterCard (Stock Quote: MA) and other credit card issuers who will likely launch similar mobile campaigns to compete with Isis.

- ⇒ Issuers will introduce more fees for rewards programs. Rewards programs will likely improve for prime credit card customers (those with credit scores 760 or above), but at the expense of higher annual fees. According to Chen, this has already started with premium rewards cards like the Starwood Preferred Guest Card.
- ⇒ Banks will push reloadable prepaid cards. Next year, as a result of the financial reform act's Durbin Amendment, the Federal Reserve will start to regulate debit interchange fees. The legislation is designed to help merchants and consumers save with lower processing costs, but Chen believes that banks will respond by urging customers to sign up for reloadable prepaid debit cards, which are left unregulated by the legislation. Plus, they are already popular with consumers, despite their obvious shortcomings.
- ⇒ Credit unions will be more competitive. The Durbin Amendment does not apply to [financial institutions](#) with assets of less than \$10 billion, which Chen thinks will benefit credit unions – smaller organizations owned and controlled by the people that use its services. He thinks they will be able to continue to offer free checking while most national banks will need to impose monthly fees or high minimum balances.
- ⇒ More junk mail will mean more credit card debt. The CARD Act may have decreased credit card issuers' customer base, but they are going to respond with tried and true measures like direct mail. According to Chen, approvals for new credit cards are increasing as card companies send out more mail solicitations, and he believes that these aggressive marketing campaigns, coupled with bait-and-switch introductory offers that promise temporarily low annual percentage rates, will ultimately cause revolving credit card debt balances to rise again after more than two years of declines.

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Health Care Reform: 13 Tax Changes on the Way

Here are 13 changes in the massive overhaul that could impact your tax bill, for better or worse.

By Joan Pryde, Senior Tax Editor, the Kiplinger letters

The new health care reform law is chock-full of new taxes and tax increases that will affect many individuals and businesses, but it will be years before most of these hikes take a bite out of your -- or your company's -- wallet. The law also has tax breaks to help both individuals and small businesses pay for insurance.

- ⇒ A new 10% excise tax on indoor tanning services on services provided after June 30, 2010.
- ⇒ The new law gives small firms tax credits as incentives to provide coverage, starting this tax year. Employers with 10 or fewer workers and average annual wages of less than \$25,000 can receive a credit of up to 35% of their health premium costs each year through 2013. The credit is phased out for firms larger than that and disappears completely if a company has more than 25 employees or average annual wages of \$50,000 or more. Beginning in 2014, the system changes. The law requires each state to establish a health insurance exchange -- a marketplace where individuals, the self-employed and small businesses can buy health insurance coverage. The government-regulated exchanges would offer insurance policies with different levels of coverage and price tags. Small firms that sign up with one of the health exchanges to be created can receive a credit of up to 50% of their costs -- with the same phase outs for average income and size as the earlier program. The credit disappears after 2015.
- ⇒ A requirement that businesses include the value of the health care benefits they provide to employees on W-2s. Although this was originally required beginning with W-2s for 2011 -- those issued early in 2012 -- in October, a one-year delay was announced. Employers may voluntarily report the value of health benefits they provide on 2011 W-2s, but this will not be mandatory until the 2012 forms. The amount reported is not considered taxable income.
- ⇒ Elimination of a deduction employers now take for providing Medicare Part D prescription drug coverage to their retirees to the extent that the federal government subsidizes the coverage. This will not take effect until 2013.
- ⇒ Doubling the penalty for nonqualified distributions from health savings accounts, to 20%, beginning in 2011.
- ⇒ A limit on the amount that employees can contribute to health care flexible spending accounts to \$2,500 a year, but the cap won't take effect until 2013. This was previously left to the employer's discretion, with many firms choosing a limit of \$4,000 to \$5,000 or so.
- ⇒ A ban on using funds from flexible spending accounts, health reimbursement arrangements or health savings accounts for the cost of over-the-counter medications, starting in 2011.
- ⇒ Starting in 2013, a 0.9% Medicare surtax will apply to wages in excess of \$200,000 for single taxpayers and over \$250,000 for married couples. Also, for the first time ever, a Medicare tax will apply to investment income of high earners. The 3.8% levy will hit the lesser of (1) their unearned income or (2) the amount by which their adjusted gross income exceeds the \$200,000 or \$250,000 threshold amounts. The new law defines unearned income as interest, dividends, capital gains, annuities, royalties, and rents. Tax-exempt interest won't be included, nor will income from retirement accounts.
- ⇒ A hike in the 7.5% floor on itemized deductions for medical expenses to 10%, beginning in 2013. But taxpayers age 65 and over are exempt from the cutback through 2016.
- ⇒ A new 40% excise tax, beginning in 2018, on high-cost health plans, levied on the portion that exceeds \$10,200 for individuals and \$27,500 for families. The provision is aimed mostly at gold-plated plans offered by employers, although it can affect individual policies.
- ⇒ A new tax on individuals who don't obtain adequate health coverage by 2014 -- this is often referred to as the individual mandate.. The tax is to be phased in over three years, starting at the greater of \$95, or 1% of income, in 2014, and rising to the greater of \$695, or 2.5% of gross income, in 2016.
- ⇒ Providing a refundable tax credit, once the individual mandate takes effect in 2014, to help low-income folks purchase coverage. To be eligible, a person's household income must be between 100% and 400% of the federal poverty level, generally around \$11,000 to \$44,000 for singles and \$22,000 to \$88,000 for families. The credit is a sliding scale, based

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- ⇒ A nondeductible fee charged to businesses with 50 or more employees if the firms fail to offer adequate coverage. The fee will equal \$2,000 times the number of employees, though it won't count the first 30 workers in that calculation.

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