



Senator Herb Kohl

United States Senator for Wisconsin



[Home](#) [Biography](#) [News](#) [Issues & Legislation](#) [Constituent Services](#) [Contact Senator Kohl](#) [Unsubscribe](#)

With households across the country struggling to make ends meet, understanding our financial system is more important than ever. Products like credit cards are important tools to help manage money – but only if used safely. A better understanding of financial issues would help us make better decisions for ourselves and the economy.

The National Foundation for Credit Counseling reports that 58 million Americans are not able to pay their bills on time. 72 million Americans do not have any savings. Sadly, the National Bankruptcy Research Center reported that over 1.4 million Americans filed for bankruptcy last year, a 32% increase from 2008.

Times are tough. Sometimes financial difficulty is unavoidable, but understanding the financial system can make these problems more manageable. This is especially true for credit cards.

You may have noticed recent changes in your credit card statement. Congress passed tough new credit card rules last year, most of which took effect on February 22. For the first time, statements will disclose how long it will take to pay off your balance by making only the minimum payment. Some may be shocked to find that it can take decades.

In addition to more information on credit card statements, credit card agreements will also be fairer to consumers. Interest rates may not be raised on existing balances, and your payment must be applied to the portion of the balance carrying the highest interest rate. Consumers will also have at least 21 days to make their monthly payment, because late fees should not be charged if the mail was a few days late.

Some of the provisions in the new credit card law are based on the *Student Credit Card Protection Act*, which I introduced to help young people make better choices for their financial future. Credit card companies will no longer be allowed to send unsolicited credit card offers to consumers under the age of 21. When a parent is required to co-sign a credit card application, the parent will also be required to co-sign for any increase in the credit limit.

On a state level, Wisconsin is taking a leading role to increase financial literacy through the work of our Department of Financial Institutions (DFI). Every summer, the DFI welcomes educators from Wisconsin and across the country to the National Institute of Financial and Economic Literacy. This institute offers graduate-level seminars to empower educators to help our students get the financial knowledge they need to secure their future. The DFI also offers a variety of resources for anyone interested in learning more about their finances on their website at: <http://www.wdfi.org/links/fe.htm>.

Knowing more about our finances will not end the recession overnight. But increasing financial literacy will build a stronger foundation for lasting economic recovery.

Sincerely,

Herb Kohl