



**This Issue**

Our Letter

“Perfect 10? Never Mind That. Ask Her for Her Credit Score.”

Credit Report Info

Grandpa Bugg



Dear Client,

With another school year concluded, thoughts of parents and students alike are turning to summer adventures. But for those who have recently graduated (either from high school or college) and who will face an even greater new adventure, the important lessons to be learned didn't end when they received their diploma. Because whatever path our graduate chooses to pursue, he or she will share one thing in common with all of his/her classmates: a greater degree of financial freedom and responsibility.

I remember my first semester on the UW-Madison campus, waking up on a sunny Saturday morning in September (ok, “morning-ish”) and starting the journey to Camp Randall for my first Badger football experience. And about every 20 feet some nice person would greet me with a smile and offer me a “free” T-shirt...as long as I took 60 seconds to fill out this simple credit card application.

I also recall the (slightly more complex) credit applications as my wife Jenelle and I shopped for furniture to outfit our first apartment. Or how every run to Target, Home Depot or Best Buy would end with an offer of “Would you like to save 10% by opening a line of credit today?”

Yes, for better or worse, our graduates are about to learn about the only “permanent record” that really matters – and it isn't kept in the principal or dean's office! Of course, today's graduates face a much tougher road than I ever did. (This might be the only “kids these days” story that claims we had it easy!) Financial responsibility counts – and is closely examined – more than ever before. Whether you want to open a credit card, lease a car, rent an apartment or buy a house, a good credit record is no longer just a plus – it's a must. We've even come across articles highlighting cases of potential employment or even dating prospects (see the featured article on page 2) being sunk by a poor credit score. Is this a bit extreme? Does it go a too far? Probably. But it sure got our attention - and gets the point across.

Within this issue of “Investment Thoughts” you'll find some information on establishing, maintaining and monitoring your credit report. Whether it is news to you or simply a review of good habits you've practiced for years, we hope you'll think about sharing this with people in your lives who may benefit from the information. It just might be the graduation present that they keep with them longer than any other!

Sincerely,

Greg Rademacher, Chris Bugg and Jodie McLellan

## **“Perfect 10? Never Mind That. Ask Her for Her Credit Score.”**

**By: Jessica Silver-Greenberg**

**Date: December 25, 2012**

As she nibbled on strawberry shortcake, Jessica LaShawn, a flight attendant from Chicago, tried not to get ahead of herself and imagine this first date turning into another and another, and maybe, at some point, a glimmering diamond ring and happily ever after.

She simply couldn't help it, though. After all, he was tall, from a religious family, raised by his grandparents just as she was, worked in finance and even had great teeth.

Her musings were suddenly interrupted when her date asked a decidedly unromantic question: “What's your credit score?”

“It was as if the music stopped,” Ms. LaShawn, 31, said, recalling how the date this year went so wrong so quickly after she tried to answer his question honestly. “It was really awkward because he kept telling me that I was the perfect girl for him, but that a low credit score was his deal-breaker.”

The credit score, once a little-known metric derived from a complex formula that incorporates outstanding debt and payment histories, has become an increasingly important number used to bestow credit, determine housing and even distinguish between job candidates.

It's so widely used that it has also become a bigger factor in dating decisions, sometimes eclipsing more traditional priorities like a good job, shared interests and physical chemistry. That's according to interviews with more than 50 daters across the country, all under the age of 40.

“Credit scores are like the dating equivalent of a sexually transmitted disease test,” said Manisha Thakor, the founder and chief executive of MoneyZen Wealth Management, a financial advisory firm. “It's a shorthand way to get a sense of someone's financial past the same way an S.T.D. test gives some information about a person's sexual past.”

It's difficult to quantify how many daters factor credit scores into their romantic calculations, but financial planners, marriage counselors and dating site executives all said that they were hearing far more concerns about credit than in the past. “I'm getting twice as many questions about credit scores as I did precession,” Ms. Thakor said.

Executives who run online financial advice forums say that topics about credit and dating receive hundreds of responses within minutes of being posted. Alexa von Tobel, founder and chief executive of Learnvest.com, a financial planning firm, said that members are more interested in credit scores than ever before.

“It's the only grade that matters after you graduate,” she said.

Josephine La Bella, 25, who works at a payroll company, likes to tackle the delicate subject head on. Ms. La Bella, who has vigilantly monitored her credit score ever since graduating from Rutgers in 2009, has found that broaching the topic of her own credit score causes her suitors to open up, too.

In August, Ms. La Bella recalled, while at dinner in Bayonne, N.J., a date blurted out his credit score on the first outing. Instead of making things more awkward, she said, a really productive discussion followed. Since then, Ms. La Bella tries to bring up the topic soon after meeting someone.

“I take my credit score seriously and so my date can take me seriously,” she said. A handful of small, online dating Web sites have sprung up to cater specifically to singles looking for a partner with a tiptop credit score. “Good Credit Is Sexy,” says one site, Creditscoredating.com, which allows members to view the credit scores of potential dates who agree to provide the numbers.

On another site, Datemycreditscore.com, a member posted on the Web site's home page that others should to “stop kidding” themselves and realize that credit scores do matter.

Dating someone with poor credit can have real implications. Banks remain wary of making loans to borrowers with tarnished scores, typically 660 and below; the best scores range from 800 to 850, and scores above 750 are considered good. A low score could quash dreams of buying a house, and result in steep interest rates, up to 29 percent, for credit cards, car financing and other unsecured loans.

A middling credit score can also torpedo an application for an apartment and drive up the cost of cellphone plans and auto insurance. And while eight states, including California, Illinois and Maryland, have passed laws limiting employers ability to use credit checks when assessing job candidates, 13 percent of employers surveyed by the Society of Human Resource Management in July performed credit checks on all job applicants.

Lauren Dollard, a 26-year-old assistant at a nonprofit in Houston, said her low credit score had helped to stall her romantic plans. Her boyfriend is wary of marrying her until she can significantly pay down the more than \$150,000 she owes in student loans and bolster her credit score, she said.

Ms. Dollard's credit score is so low, around 600, that she hasn't been able to qualify for a car loan. She sympathizes with her boyfriend's position because he “doesn't ever want to be accountable for the irresponsible financial decision I made,” she said. Her boyfriend declined to be interviewed.

John Hendrix, a 33-year-old chemist in San Francisco, said he worried that the vast disparity between his girlfriend's credit score and his own low one could create tension in their relationship. When the couple leased a car in October, Mr. Hendrix had to leave his name off the contract because his poor credit scuttled his chances for the bargain interest rate that his girlfriend qualified for.

Mr. Hendrix said he resented that his credit score, which he said was marred by a single contested cable bill, has limited his access to credit. “I always pay my bills so it's pretty ridiculous that a billing error can ruin your score,” he said. His girlfriend declined to be interviewed.

Sarah Klein, who manages myFICO Forums, an online discussion group, likens credit scores to dieting because both affect dating but often are shrouded in secrecy. To motivate members to openly discuss and rehabilitate their credit scores, the site runs an online contest called the myFICO Fitness Challenge, where participants try to increase their scores. (FICO is a name derived from Fair Isaac Corporation.) Last year, more than 24,000 members participated.

In a post on the forum, one member asked for advice after finding out that her boyfriend's credit score hovered around 400. Some members denounced the member as petty and materialistic while others counseled her to run away from him.

Ms. LaShawn, the flight attendant from Chicago, said that she was still shocked that her credit score could sabotage a potentially great date. She had accumulated credit card debt and sporadically fallen behind on bills, and explained that she wasn't sure of her credit score, but was positive that it wasn't very good.

Days after her failed date, she said, she got an apologetic text message. Her date reiterated that the problem “wasn't me, it was my credit score.”

## Do You Know Your Credit Score?

**A credit score is a measure of an individual's creditworthiness, including a current amount of debt, history of default, and timeliness of payments. It may be used by:**

- A bank or other financial institution to determine eligibility for a loan, and if approved, the applicable interest rate.
- An employer to determine whether or not to offer employment.
- A landlord or co-op board in considering a lease/purchase.
- An insurance company in setting rates. They have identified correlations between credit score and safe driving.

**Federal law allows consumers to get a free credit report once every year from the three major firms.**

**The website to obtain the reports is [www.annualcreditreport.com](http://www.annualcreditreport.com)**

### **How to improve your credit score (excellent=800+, good=700-800):**

- Check your reports once a year for accuracy.
- Correct errors in personal data.
- If there is a negative item in error, file a dispute with the bureau.
- Ask to have outdated items removed (seven to ten years).
- Don't open unnecessary accounts, keep balances as low as possible and pay on time!
- Set up payment reminders so payments are received on time (and get current on missed payments).
- Reduce the amount of debt you owe (use credit cards only for emergencies and set up a payment plan)
- Keep "revolving" balances low; pay off debt rather than moving it around; manage the number of "unused cards" you have



### **Why check? Because there can be errors:**

- About one in 20 consumers had significant errors on their credit reports that could cause them to pay more for auto loans and other financial products, according to a Federal Trade Commission report released in February.
- The study also found that about 26% of the approximately 200 million people covered by the U.S. credit reporting industry had at least one "potentially material error" on one of their three credit reports.
- And four out of five people who took steps to fix errors with one of the three major credit reporting companies -- Experian Information Solutions Inc., Equifax Inc. and TransUnion -- got their credit report changed.

## CONGRATULATIONS TO GRANDPA BUGG!

**Cordelia Adelaide Bugg** was born at home in Madison on 4/15/13 - tax day!

She weighed 7 pounds, 3 ounces and was 19 inches long.

Proud parents Colin and Emily are delighted and doing well.

Proud grandparents Chris and Peggy are ecstatic, to put it mildly.



"I hate this shallow Americanism which hopes to get rich by credit, to get knowledge by raps on midnight tables, to learn the economy of the mind by phrenology, or skill without study, or mastery without apprenticeship."

**-Ralph Waldo Emerson**



*Buttonwood Partners, Inc.*  
701 Deming Way, Suite 100  
Madison, WI 53717



*Q2 Newsletter*

**B&I ADVISORS**  
A DIVISION OF BUTTONWOOD PARTNERS, INC

[buttonwoodpartnersinc.com](http://buttonwoodpartnersinc.com)

**Christopher Bugg**  
President  
(608) 827-6412  
[cbugg@btnwd.com](mailto:cbugg@btnwd.com)

**Greg Rademacher**  
Partner  
(608) 827-6414  
[greg@btnwd.com](mailto:greg@btnwd.com)

**Jodie McLellan**  
Registered Representative  
(608) 827-6413  
[jodie@btnwd.com](mailto:jodie@btnwd.com)

**Andrea Widner**  
Registered Assistant &  
"Keeper of the Calendar"  
(608) 827-6411  
[andrea@btnwd.com](mailto:andrea@btnwd.com)

**Linda Kwiatkowski**  
Administrative Assistant  
(608) 827-6405  
[linda@btnwd.com](mailto:linda@btnwd.com)

