

YOU & the LAW



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Forced arbitration: closing the courtroom door on consumers and small businesses

Many people consider the ability to have your day in court to be a cornerstone of our American legal system. This right is being eroded by the fine print in contracts corporations force on consumers and small businesses in order to purchase a product or sign up for a service.

It has become increasingly difficult to apply for a credit card, use a cellphone, get cable or Internet service, or shop online without agreeing to private arbitration to settle a dispute with the company. Some employers require workers to sign these agreements before they are hired. There are also doctors who refuse to treat patients unless the patient agrees to arbitration to resolve any malpractice claims.

Most workers and consumers sign these take-or-leave-it contracts without reading the fine print or understanding the rights they are losing. They have no choice but to agree to a system that works to the advantage of the corporation.

Arbitration is a means for settling legal claims out of court by having both sides present evidence to a third



party, who then decides the case. The decision is final and binding on the parties and is usually not subject to appeal or review by a court of law.

An arbitrator is paid to act as a judge and decide claims, but is not required to be a lawyer or have any legal training. The arbitrator does not have to follow the same rules of law and evidence as lawyers and judges in a courtroom.

Forced arbitration clauses may require you to arbitrate your claim in another state. If you lose, you could be ordered to pay thousands of dollars in arbitration fees.

Hearings are held in private, not in a public courtroom, and no higher court reviews the case to ensure it was decided correctly and the process was fair. Even when arbitrators try to be fair, they are likely to be more sympathetic toward a corporation that gives them repeat business than to an individual they will never see again.

The Consumer Financial Protection Bureau, <http://www.consumerfinance.gov>, recently reported on a study

of arbitration claims in 2010 and 2011. It found that awards to businesses during this period amounted to \$2.8 million, while the total awarded to consumers was less than \$400,000.

Read the fine print in any contract you sign, whether it's on paper or online. You may have no choice if you want the product, service or job the corporation is offering, but you should know beforehand what are your legal rights if you have a dispute with the company. You can also let your representative in Washington know that you want the right to have your legal disputes resolved by a court of law.



Daily aspirin therapy: Is it right for you?

A daily aspirin is often recommended for those who have had a heart attack or stroke and even for some people who are at risk for one. Aspirin can help prevent heart attacks by interfering with your blood's clotting process. Your blood's natural ability to clot seals the area around a cut or wound to stop the bleeding, protecting you from infection and blood loss.

But if your arteries are narrowed from buildup of fatty deposits, one of those fatty deposits can burst. A blood clot that forms to stop the internal bleeding can block an artery and prevent blood from flowing to the heart, causing a heart attack. In this instance, the heart benefits from a slower clotting rate.

The downside of taking aspirin daily is the risk of aggravating other health conditions. While aspirin can prevent a clot-related stroke, it may actually increase the risk of a

bleeding stroke. It also increases the risk of developing stomach ulcers or intestinal bleeding.

The U.S. Preventive Services Task Force recommendations indicate that daily aspirin therapy is beneficial for most adults 50-59 years of age who are at risk for heart attack or stroke, but who are not at risk for increased bleeding due to other health factors. If you are age 60-69 and have an increased risk of heart attack or stroke, consult your doctor to determine if daily aspirin therapy is right for you.

There is not enough evidence at this time to recommend for or against the use of daily aspirin therapy for anyone younger than 50 or 70 and older.

The higher your risk of heart attack, the more likely the benefit from daily aspirin therapy will outweigh the risk of increased bleeding. When



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deciding to take a daily aspirin, consider possible adverse interactions with other drugs you're taking.

And consult your doctor before abruptly stopping daily aspirin therapy since doing so can possibly increase the risk of a heart attack.

Chip technology in your credit card

If you received a replacement credit or debit card within the past year, you may have noticed something different. In addition to a magnetic stripe on the back of the card, newer cards now have an embedded computer chip on the front.

These are known as EMV cards. EMV stands for Europay, MasterCard and Visa. Also known as chip cards, they have been used in Europe for years. Added security against fraud, chip technology in the EMV card is designed to make it harder for someone to counterfeit your card and defraud you and your bank or credit card company.

Instead of swiping your card through a card reader at the checkout counter, you insert your chip card into the

terminal slot. The microchip in the card creates a one-time code that is communicated to your bank or credit card company, allowing it to verify the transaction.



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The process does not work as fast as swiping a card's magnetic stripe, but the unique transaction code can only be used for one transaction, making it difficult for thieves to steal information from your card and use it to defraud you or your bank.

For now, changeover to a chip card has occurred mostly with larger national bank credit card issuers. Smaller banks are transitioning more slowly. The change to a chip debit card will take even longer.

Merchants who accept the new chip cards need to upgrade their card readers. This upgrade can be costly, with a chip-card terminal costing between \$500 and \$1,000. Because of this cost, some smaller businesses may delay installing new equipment.

Are you and your 401(k) ready for retirement?

According to the U. S. Department of Labor, the average American spends 20 years in retirement, yet many people are not planning for those years. Fewer than half of Americans have calculated how much they need to save for the years when they are no longer working.

Saving can be difficult, but paying into a retirement savings plan, such as a 401(k), through payroll deductions can help you reach your financial goals. If your employer offers a 401(k) plan, that can be an important part of your blueprint for a financially secure retirement.

You won't pay taxes on amounts paid into the plan or on earnings in your 401(k) until you withdraw money. Also, some employers will match your contributions, an increase in retirement savings that doesn't come out of your pocket.



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Signing up for payroll deductions is not enough, however. You want to be sure that the plan is right for you and

that you are getting the most from the money you set aside.

What to look for when evaluating a 401(k) plan

Consumer Reports recommends that you consider the following when evaluating your 401(k):

- ✓ **Look at the administrative cost of the investment funds available in your 401(k) plan.** A higher administrative cost means less money in your account at retirement. One study showed that a retirement savings plan with fees of 1.3 percent annually will cost \$125,000 more than a plan with fees of .25 percent.
- ✓ **Do you have a variety of investment options from which to choose, such as stock funds, bond funds, international funds and indexed funds?** Having a mix of different types of funds allows you to select one that best suits your individual needs.
- ✓ **Does your plan offer target-date funds?** These mutual funds automatically change the mix of stocks, bonds and cash in your account as you near retirement age. Selecting target-date funds

can protect your investment from unexpected losses if the stock market takes a sudden downturn as you are ready to retire.

If the administrative cost of your plan is high or you do not have good investment options, talk to your employer about updating the choices it offers. But do your research first.

The Financial Industry Regulatory Authority (FINRA) is a good resource for information on setting financial goals and evaluating investment options. You can research low-cost funds, then compare them at the FINRA website: <http://www.finra.org/investors/prepare-invest>.

Even if your employer does not offer a lower-cost plan, putting money into a 401(k) and leaving it there until retirement is still a good option for your financial future. An expensive plan is better than no plan when preparing for retirement.



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GMO versus organic: What do these food labels mean?

GMO, or “genetically modified organism,” describes any food whose genetic material has been engineered in a lab. This includes plants, animals and components of food products. GMO canola, corn, soy and sugar beets are used in the preparation of many food products, such as bread, cereal, crackers and soy milk.

Changing the genetic makeup of a plant or animal in the lab is done to give it different characteristics, such as the ability to resist certain pests, to withstand adverse growing conditions, or to reduce spoilage.

A few states are moving to adopt legislation that would require labels identifying food products that contain GMO ingredients. Grocery manufacturers and

others in the food industry oppose these labeling requirements. They want Congress to prevent states from requiring them to identify GMO foods by their label.

Some food producers label their products “Non GMO.” This means



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the product contains no genetically modified materials or only trace amounts. A non-GMO label does not mean the food is organic.

Organic products have strict production and labeling requirements set by the U. S. Department of Agriculture. To label something as organic, the farmer or food processor must be able to show it does not use any GMO plants or animals.

That means organic produce cannot be grown from GMO seeds, an organic farm animal cannot be fed GMO grain, and an organic soup producer cannot use GMO ingredients.

In addition, an organic food product must not come in contact with certain prohibited substances.