



SEPTEMBER 2010

# DOLLARS AND SENSE



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**STOP BACK FOR A  
NEW "DOLLARS  
AND SENSE" EVERY  
MONTH!**

## COLA GRUMBLINGS! CHANGES ARE ALREADY HERE...

In recent weeks, I have heard some grumbling regarding changes to COLA and how those changes are going to effect take-home pay. COLA is a monthly allowance designed to equalize the standard of living where the cost of living is unusually high. For instance, if a cup of coffee is one dollar in Washington, DC, and it is one euro in Parsberg - then COLA would be the extra cash you get each month to balance out the difference in cost. However, because COLA is based upon what is called a "relative cost," it is not only based in the price of something but on the difference between the two currencies—the dollar and the euro.

Dollars and Euros are bought and sold on an international market in the same way stocks trade. Individuals called "currency speculators" look at the economic and political conditions with a country and then determine what they are willing to buy or sell a currency at on the market. Therefore, the value of the dollar against any other currency is a matter of supply and demand on the international market.



At the moment, the financial situations in the Euro-Zone—banking crisis, potential for Greek/Spanish insolvency—is reducing the demand by currency speculators for the Euro, which reduces the cost of buying Euros with dollars—As demand declines, supply increases and cost drops—So, what does this mean for you? This change in Euro value is what is primarily effecting our COLA rates and take-home pay. It is not that things are getting cheaper here in Germany, but that your dollars are going farther in Euros and therefore requires less to make up the difference .



So, will the changes in COLA affect our ability to continue buying the same goods and services we have been off of the local economy? Not really. However, if you are an individual who does not shop off post much and look to that extra cash to pay bills, etc. Then yes—you are probably going to feel the change in rates.

## GOOD CREDIT/BAD CREDIT ~ DO YOU KNOW WHAT'S ON YOUR CREDIT REPORT?

Do you know what's on your credit report? When was the last time you checked to find out? Credit reports can be your best friend if the information is correct and you pay your bills on time, but if you are like the rest of the population, life sometimes gets in the way. You might have

made that credit card payment a day late or the payment got lost in the mail. There may be a bill/charge out there that you were never aware of. Check and see what is being reported to credit bureaus about your payment history. How do you go about doing this without paying

excessively high fees? Simply, request a free credit report from one of the three major credit bureaus every calendar year.

### Experian:

[www.experian.com](http://www.experian.com)

### Equifax:

[www.equifax.com](http://www.equifax.com)

### Trans Union:

[www.transunion.com](http://www.transunion.com)

Email is the fastest and most convenient way to reach the credit bureaus but they can also be reached via phone and by mail as well.



Primary Business Address  
BLDG 10

**Call, e-mail, or stop by  
for an appointment  
today!!!**

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## PLANNING TODAY FOR TOMORROW'S FINANCIAL READINESS

US Treasury Bonds are a great way to add to your retirement savings. They are issued for a term of 30 years and can be purchased directly from the US Treasury in \$100 increments. They pay interest every six months until they mature and can either be held until maturity or sold early. Interest is exempt from state and local income taxes, and may be exempt from federal income if used to finance education. You can purchase treasury bonds and bills directly from the US Treasury at [www.treasurydirect.gov](http://www.treasurydirect.gov)



### SEPTEMBER CLASSES:

- *Budget Development*— 13 September @ 1000
- *The Stock Club*— 2 September @ 1000

*All classes are held in Building 10, ACS Training Room.*

## How is your TSP doing these days???

\* The G, F, C, S, and I Fund returns for the last 12 months assume unchanging balances (time-weighting) from month to month, and assume that earnings are compounded on a monthly basis. For more information on TSP performance visit [www.tsp.gov](http://www.tsp.gov).

