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The Bob and Rob Show

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By Adam Palmer

Once again the Bob and Rob Show, a simulated talk radio show, came to Illinois Wesleyan to educate students on money and banking issues. The hosts of this information-packed "radio show" were Illinois Wesleyan alumni Rob Fazzini and Illinois Wesleyan's Director of University Communications Bob Aaron. Fazzini currently serves as an advisor for the American Bankers Association and is also President of Busey Bank in Bloomington.

Fazzini and Aaron discussed credit cards, bankruptcy, options for home-buyers, and today's banking privacy. During this dialogue both fielded questions from the "studio audience" with the help of the roving broadcast journalist, Dr. Michael Seeborg.

The duo first tackled a question on credit cards. Aaron asked Fazzini which credit card is best for a college student or a recent graduate, since there are over 1.4 billion credit cards in use worldwide.

"There are over 6,000 credit card issuers, so there are a few factors that must be considered when deciding which credit card to use," Fazzini responded. These factors range from interest rates and annual fees to the purchaser's ability to make on-time payments.

Fazzini also stated that the cardholder's maturity is an underlying issue when deciding on a credit card company. Quoting Virginia Dean, Executive Director of Communications for the American Bankers Association, Fazzini asked, "Is a person who is old enough to drive or enlist, or to become a parent, or to read the Star Report too irresponsible to pay his or her bills? Probably not."

However, Fazzini noted that if the user is not mature enough to have a credit card, he could eventually experience personal bankruptcy. There

were a total of 1.3 million personal bankruptcies filed in 1999 alone, which is a rather alarming figure for the issuers of credit cards. Fazzini pointed out that divorce, loss of a job, sudden medical bills, or just the lack of responsibility by a credit card user are common causes of personal bankruptcy.

Legislation passed on February 2, 2000, introduced a new needs-based bankruptcy law that requires bankrupt filers to pay back outstanding debts when they possess the funds to do so. The idea behind the law is to discourage people that take expensive worldly trips, charge it all to their credit card, and declare bankruptcy after the trip in order to avoid paying the credit card company.

Aaron and Fazzini then discussed home loans and mortgage purchasing. Aaron asked about options for new home buyers and what time lengths and interest rates are the most beneficial. Fazzini explained the 15 and 30-year mortgage loan with either fixed or variable rates. Fazzini believes the 15-year loan is more enticing because the interest rate is typically a half of a percentage point less than the 30-year rate, which allows a borrower to save significant amounts of money over time.

"On a 15-year loan at \$100,000, in today's market, the amount paid back would be \$197,000, and in thirty years the amount paid back would be \$329,000," Fazzini commented.

The Bob and Rob Show offered its audience great advice on several hot money and banking issues. Perhaps the most useful advice came from Fazzini in the discussion on personal privacy.

"While doing a transaction, don't leave receipts or any other personal information lying around. It doesn't take long for a person to make a note of your Social Security number or account number."