

THURSDAY » PERSONAL FINANCE

MORE TOP STORIES

TECHNOLOGY

Apple Computer to open new store at Columbia Mall

On Saturday, Sept. 23, Apple Computer is set to open its third Baltimore-area store and its fifth in Maryland, the company announced recently.

The store will be located in the Mall of Columbia on Little Patuxent Parkway. Last year, the computer company opened a store at Westfield Mall in Annapolis.

It also has a store in Towson Town Center in Towson. - Earle Eldridge

FEDERAL RESERVE

Consumers should act before interest rates rise

By Kelly Carson
Examiner Staff Writer

Credit card holders, people with adjustable-rate mortgages and those invested in certificates of deposit need to keep a close eye on the Federal Reserve Board.

For the second time in as many meetings, the Fed took no action on Wednesday on the federal funds rate, the interest that banks charge each

other, leaving it at 5.25 percent. That means interest rates paid on unpaid credit-card balances and some adjustable-rate mortgages are likely to remain steady.

The Fed's decision comes on the heels of 17 consecutive interest rate increases during the past two years.

"Here's the thing — the Fed ultimately wants to keep an eye on inflation and keep it somewhere between 1 percent and 3 percent," said Buddy Buzzerd, senior vice president and branch manager of Ferris Baker Watts Inc. in Towson.

The inflation rate for August, the latest month available, stood at 3.86 percent as reported on Sept. 15 by the U.S. Bureau of Labor Statistics. Since that time, gasoline prices have fallen, easing further inflation fears.

Kirk Kinder, a certified financial planner and founder of Picket Fence Financial in Bel Air, said now is a good time for people to take stock of their financial picture before interest rates do increase.

"The Fed controls every interest rate that a person will pay or earn," he said. "All banks will peg their rates to what the Fed does. Banks borrow money and loan that out to homeowners, business people and others. As that rate is rising, most people are going to see everything from their credit cards to adjustable rate mortgages to auto loans go up."

People with unpaid credit card



This photo provided by the Federal Reserve Board shows Chairman Ben Bernanke presiding at a Federal Reserve Board meeting in Washington on March 28. - AP

balances should look for better rates and transfer high interest balances to the lower-rate cards, he said.

People with adjustable rate mortgages should look at how much their payments will increase the next time their rate is set for adjustment.

"All adjustable rate mortgages adjust at different periods," Kinder said. "If it looks like it's going to spike, you might want to look at refinancing with a fixed-rate mortgage. And it's a good time for that right now because fix-rate mortgages have come down."

While the Fed's inaction on Wednesday may give some people a bit of breathing room, it can put others in a pinch, Buzzerd and Kinder said.

"The good side of interest rate increases are for retirees or people who invest in [certificates of deposit]. Those rates go up as well," Kinder said.

Buzzerd said people who roll over their CDs and live off the income the certificates earn haven't seen much of a pay raise in recent months.

According to data from the online service www.bankrates.com, the average interest rate paid on CDs held for six months was 4.62 percent Wednesday, up from its 4.59 percent rate last week. One-year CDs are earning an average of 4.94 percent, while five-year CDs are earning 4.84 percent, both unchanged from last week.

kcarson@baltimoreexaminer.com

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