

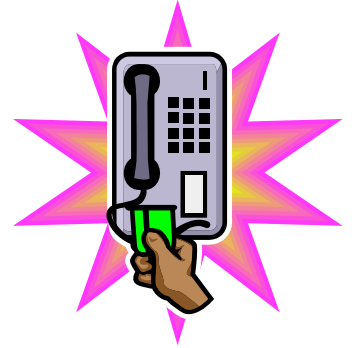


What Am I Going To Do With All These Bills!?

By Bud Wassell, Director, Solutions EAP

So many of us have been affected by the poor economy. And there may be many legitimate reasons we have fallen behind, including reduced family income due to furloughs, cutbacks and layoffs. Yes, it seems the economy is improving, but still many of us have used our credit cards more than we wanted to over the past year or so. Our balances are higher than ever and our interest rates have gone up dramatically so our minimum monthly payments have jumped to levels that are hard to keep up with. Maybe we've fallen behind on car or mortgage payments and have had to pay penalties and are struggling to stay current or at least not to fall further behind.

What can you do? The most important piece of advice from the experts is NOT to ignore the situation. COMMUNICATE, COMMUNICATE, COMMUNICATE says Mitch Allen, the author of *A Survival Guide to Debt*. In an interview with Something You Should Know radio program he says "Banks don't want your house, car dealerships don't want your car back, they lose money when they do those things."



It's natural to want to avoid money troubles, we tend to think: what good will it do to call my creditors, all they want is their money and they won't be helpful at all. Also from an interview in Something You Should Know, Kelly Shelton, Vice President of Consumer education for the non-profit "Family Financial Education Foundation" says that if you call your creditors before you fall too far behind they may be able to help - by doing things like "re-aging" your account. This essentially brings your account current so that you're no longer behind and you don't have to come up with two or three payments to bring yourself current. Some lenders will lower their interest rates - they'll modify your loan.

But you have to face your debts head on and call your creditors to discuss your situation. There are companies that will help you do this, some good and some not so good. We've all heard the debt relief commercials that sound too good to be true. Usually they are. At Solutions EAP we use a non-profit organization called American Consumer Credit Counseling (ACCC). You can access them through us by calling 800-526-3485 and there is no fee for the initial consultation. Check out their services online at <http://www.consumercredit.com/>



Prioritize Your Debts - This is a very important step according to Mitch Allen, author of *A Survival Guide to Debt*. He says the most important debt you have which should be paid first is your house and then your car; these are secured debts that if you don't pay you will lose something. Then you have student loans and child support that you can get into serious trouble for, followed by credit card debts which are unsecured.

Many homeowners who are delinquent on their mortgage payments are not aware of the services their lenders offer when they're in trouble.

Under the government's Making Home Affordable Program there are a number of options available for homeowners who are in trouble and behind in their payments and also for those who are on the brink of falling behind. They also have options for those who do not qualify for traditional refinancing because their equity has disappeared due to

declining home values. It's not possible to go into all the options and eligibility requirements in this article so go <http://makinghomeaffordable.gov/> or call 888-995-HOPE (4673) or TTY 877-304-9709.

All of the mortgage, credit card and car loan companies have programs available to consumers that are going through financial hardship. So call your lender to find out which hardship programs they participate in and what their procedures are. Again, the message here is "Don't Wait", they would much rather talk directly to you and try to work out a solution that works for all involved.



Perhaps your credit card debt has grown over the past year or so and you'd like to pay it down, but one thing or another keeps demanding your money, like groceries, heat and electric bills, unexpected car or home repairs. In other words, legitimate expenses that you must pay. And interest rates on those cards are higher than ever, making it hard to make any headway even if you are paying more than the minimum monthly payment. If you're in this boat, you're not alone. If you're having trouble paying the minimum and you're behind a payment or two, you really must do something, right?

As I mentioned previously, you might be tempted to call one of the many debt relief services that you hear on the radio or see on TV. BE VERY CAREFUL. They promise to settle your debt for pennies on the dollar, but you will probably end up paying them too and in the end still owe much of your original debt. A better option is to go with a non-profit organization - more on this later.

The National Foundation of Credit Counseling says there is nothing a debt-settlement company can do that you can't do for yourself. Credit card companies would prefer to talk to you directly. According to Julie Jason, a financial columnist, there are several steps you can take:

1. Know your overall credit picture. Who are your creditors, how much do you owe total, what are the interest rates and what are the minimum monthly payments.
2. Know your creditors. Pick up the phone and ask to talk to someone who can assist you with a hardship situation. Explain your circumstances and ask what programs are available. You need to be prepared to stop using the card and willing to keep current. Explain that you don't want your credit affected negatively. And you'd like to use the card again when you're in better shape.
3. Before you take any action, learn as much as you can about all the programs offered, such as lowering monthly payments, waived late fees, forgiving part of the debt and the consequences of participating.
4. Now you need to look hard at your budget and do all you can to cut your expenses. Determine what monthly amount you can devote to your credit cards so you can make these payments without fail. Then call back and see what you agree on.



If you've tried calling the credit card companies yourself and are having trouble negotiating, you can seek help from a Consumer Credit Counseling Service. The agency we use is **American Consumer Credit Counseling (ACCC)**, and they agreed that you can try on your own first, but they can sometimes arrange a debt management plan with your creditors that you could not.

A Debt Management Plan can help you resolve credit problems, get back on track and pay down debt. When appropriate, the consumer credit counseling agency serves as an impartial intermediary. They negotiate with your creditors to establish a reasonable and mutually acceptable repayment plan. Once enrolled in a Debt Management Plan, you make a single, convenient monthly deposit and they disburse it to your creditors on your behalf. As a result, most creditor calls stop and high interest rates and other fees may be reduced or even eliminated.

To access ACCC call us at 800-526-3485 and we will put you in touch with them to start the process. It is done by telephone and they are available through the evenings and 10:00 - 6:00 on Saturdays. Another option is **Consumer Credit Counseling Services of Southern New England**, 866-889-9347 or <http://www.creditcounseling.org/>. In Connecticut you can see a counselor in-person in East Hartford or Milford or talk to them by phone. Both of these agencies are non-profit, have a good track record and are affiliated with the Association of Independent Consumer Credit Counseling Agencies and National Foundation of Credit Counseling, respectively. Spanish language assistance is available.

Consumer credit counseling agencies also offer other services such as personal financial/budget counseling, bankruptcy counseling and housing advisement. They also have financial calculators, home buying advice, identity theft information and other financial resources.

More Money Resources:

<https://www.annualcreditreport.com> This central site allows you to request a free credit file disclosure, commonly called a credit report, once every 12 months from each of the nationwide consumer credit reporting companies: Equifax, Experian and TransUnion. Be careful, there are other sites that offer "free" credit reports that are actually tied to the purchase of credit monitoring services. *AnnualCreditReport.com is the official site to help consumers to obtain their free credit report.*

The **Securities and Exchange Commission** has launched a website devoted to investor education: <http://investor.gov/> Information is the investor's best tool when it comes to investing wisely. Learn more about getting smart about investing, testing your "Money Smarts," find out about questions to ask about investing as well as investing online.

*If you would like to talk about this or any other problem or concern,
please call Solutions Employee Assistance Program
at 1-800-526-3485 or www.solutions-eap.com*