

The CreditGUARD

Debt Survival Guide





DEBT SURVIVAL GUIDE

If you're living with excessive amounts of debt, you're not alone. More than 43 percent of Americans currently owe more than they earn, and with credit card rates ranging anywhere between 10 and 30 percent, it's no wonder the average household owes more than \$16,140 in credit card debt.

The distribution of the first American credit card dates back to 1951. These cards were built on the idea of using a credit system that would be accepted at any restaurant or retailer, regardless of the product. Today, more than 175 million Americans use this credit system, and each household averages nearly 8 credit cards.

Credit cards and loans can be beneficial for building your credit, but they can also ruin it. It's important for people with existing debt to familiarize themselves with different aspects of the debt relieving process. While there are a variety of debt relief options, some are definitely better than others. Let's take a look at the most popular approaches to debt.

Debt Settlement



What is debt settlement?

Debt settlement is the process of lowering your debt by negotiating with your creditors to reduce your outstanding balance.

Why does it seem like a good idea?

Debt settlement sounds like a good idea because companies promise to relieve the burden of debt from you, shouldering the responsibility.

Why should it **NEVER** be an option?

Debt settlement companies require you to stop paying your bills in an effort to encourage creditors to accept lower payments. Unfortunately, the majority of these companies can't or won't deliver on their promises, which can have a negative effect on your credit score and increase your debt. Also, many times the creditor will choose to sue you rather than give you a break.



Bankruptcy

Chapter 7

- Referred to as “fresh start” or “liquidation” bankruptcy.
- Allows you to cancel all debts except mortgages, car payments, student loans and any unpaid child support.
- Can file once every 6 years.
- Can remain on your credit report for 10 years.
- Must prove your income is less than the median for your family size and state.

Chapter 13

- Referred to as “reorganization” or “wage earner plan” bankruptcy.
- Allows you to keep valuable property, such as your home or car.
- Forces you to pay back your debt between 3-5 years.
- Divides regular monthly payments evenly.
- Requires regular source of income.
- Remains on your credit report for 7 years.

Why avoid filing for bankruptcy?

While bankruptcy may seem like a good solution for getting out of debt, it's loaded with a number of consequences. Bankruptcy does not clear you of all existing debt and can have a negative effect on your credit score. Also, legal fees are expensive and up front.



DEBT CONSOLIDATION LOANS

A debt consolidation loan is the process of borrowing more money from an outside lender to alleviate your current debt.

Debt consolidation loans can actually hurt your credit because you end up paying more interest over time and may even have to use your home, car or other assets as collateral in order to qualify. You risk losing these assets if you happen to default on your new loan. Using a debt consolidation loan to pay off your credit cards will also allow you to keep charging and fill them up again. Now you owe the full credit card debt, plus the debt consolidation loan, doubling your debt.



Debt Consolidation

Debt consolidation is the process of combining your various unsecured debts into one manageable monthly payment, making it easier for you to get out of debt.

Debt consolidation programs offer a proven system for combining your various unsecured debts (such as credit card bills and student loans) into one manageable monthly payment. A certified credit counselor will work with your creditors to consolidate your existing loans – no additional loans are required.

Consolidating your debts into a single payment saves you time and money by lowering your interest rates and scheduling your affordable monthly payments.



Credit Counseling

A Way Out of Debt

Consumer credit counseling services help you stay on track with your monthly payments. You receive credit-savvy advice, and credit counselors offer a variety of ways to help you better manage your finances.

One of the biggest reasons people fall into debt is the lack of a proper budget; your counselor works with you to make sure you're able to stay well within the confines of your finances.



A Holistic Debt Management Program

When you enroll in credit counseling services, you learn to live within your means as well as find ways to solve your current debt.

It's important to note that holistic debt management programs do not include any loans or other services that may not be in the consumer's best interest. They never advise you take out any more loans or anything that could potentially damage your credit.

The program is available to truly help those in debt while teaching them about finances and how to be proactive for the future.



Next Steps

One of the most important things to know when looking for someone to help you get out of debt is what to AVOID.

Here are four things to be wary of:



An ad with no company name



An advertisement that promises to settle your debt for pennies on the dollar



A company without a top rating from the BBB



A statement that sounds too good to be true

A good debt management company will disclose who they are and have an excellent rating from the BBB for providing the highest level of initial credit counseling as well as ongoing customer service.



Why CreditGUARD of America?

CreditGuard's services provide the highest level of benefits over every other counseling service in the country. These benefits include:

- Lowest monthly payments
- Lowest interest rates
- Hardship programs to see your debt consolidation through
- Credit counselors to assist every step of the way

At CreditGuard of America, we've been helping people get out of debt for more than 20 years, and we've helped customers save over \$1.7 billion in debt and interest charges. Our nonprofit debt consolidation programs help you stay on top of finances by helping you pay off your debt faster and easier.



How to Get Started

After contacting CreditGuard, you will work with your own credit counselor to set up a budgeting system that will help knock out your debt. Be prepared to provide all your financial information, such as recent credit card statements, household income, a list of your monthly bills and the debts you owe to the counselor, in order for him or her to offer informed counseling. After getting an organized picture of your financial situation, the counselor will provide options that match your resources, lifestyle, and goals.

Contact us online, or call CreditGuard of America at **1-800-853-0065** for more information on our nonprofit credit counseling and debt counseling agency.

Certified Credit Counselors are available Monday - Thursday 8:00 am - 10:00 pm Eastern, Friday 8:00 am - 9:00 pm Eastern, Saturday 10:00 am - 6:00 pm Eastern.

