



TRI-VALLEY Help-line

August 2007

Tri-Valley receives many questions from area Seniors and caregivers and has created this monthly Help-line column to provide some assistance. We are also available five days a week to answer individual questions.

Managing Your Debt

Q: Are seniors in debt with their credit cards?

A: According to the National Consumer Law Center (NCLC), the average credit card debt among persons 65 to 69 rose a staggering 217% between 1992 and 2001 to \$5,844. Of the 70% of households headed by someone 65 years of age or older and earning less than \$50,000, one in five spent more than 40% of his or her income on debt payments, including mortgages. Bankruptcy filings by elders are rising. Many elders are “aging into debt.”

Seniors with credit card debt often turn to credit counselors for help. These counseling groups set up “debt management plans” (DMPs): You send the credit counseling agency a lump sum, and they distribute it to your creditors. You get a “break,” like lower fees or interest rates. You are also relieved of having to negotiate with a bunch of creditors separately. But, there are some problems with today’s debt management

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plans. Some counseling companies use aggressive and deceptive marketing tactics, charge higher costs for services, and are connected to for-profit businesses. The NCLC has published seven “warning signs” for consumers who are looking for a credit counseling agency:

1. High Fees: If an agency is vague or reluctant to talk about fees, go elsewhere.
2. “Voluntary” Fees: Some counseling agencies don’t let consumers know that their fees are voluntary. When you ask about what the agency charges, be sure and ask if they consider any fees to be voluntary.
3. The Hard Sell. If the person on the phone sounds like they are reading from a script and are pushing debt “savings” or the possibility of a future “consolidation” loan, hang up.
4. Employee Commissions: Some agencies will pay their employees a commission for opening a new debt management plan. Such agents are more likely to be focusing on their own wallets than yours.
5. Avoid the “30 minute” plans: Any agency that offers you a debt management plan in less than 30 minutes, hasn’t spent enough time looking at your finances.
6. One Size Fits All. A debt management plan may not be appropriate for you. If the agency doesn’t offer any educational options, such as classes or budget counseling, consider one that does.
7. Aggressive Ads: Some agencies use deceptive ads. Many others charge unreasonable fees or offer no real counseling. Don’t select an agency based on advertising alone. Ask your family or friends if they know a reputable company.

Some people think that growing older means becoming a wiser consumer. But the figures cited above---showing more and more seniors falling into debt---prove that older does

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not necessarily mean wiser. The sad truth is, many seniors are spending beyond their means, and paying dearly for it. For more information about how to control debt, go to www.nclc.org. For seniors on limited incomes who are having credit card debt problems, call Tri-Valley's free information & referral HELP-LINE at (508) 949-6640 or 1-800-286-6640 about a referral to the Money Management Program. You may also access Tri-Valley by E-mail: info@tves.org or visit the agency's Web Site at: www.tves.org

Tri-Valley, Inc. is a private non-profit agency providing in-home and community based services in 25 Southern Worcester County towns. The agency receives funding from the Commonwealth of Massachusetts through the Executive Office of Elder Affairs and Federal financial support under the Older Americans Act furnished by the Central Massachusetts Agency on Aging and the Massachusetts Executive Office of Elder Affairs. Funds are also received from other public and private sources. All donations are welcome and memorials may be established. Marilyn L. Travinski is the executive director.

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