

What To Do If You Are Overwhelmed By Debt

- Contact your creditors. Many credit card issuers may lower your APR or remove fees if you ask. This may only be an option if you have paid your bills on time and are not over your credit limit.
- Consider contacting a credit counseling service. These agencies provide money management, debt reduction and financial education services. However, many of these services are costly. Free or low-cost consumer counseling services on budgeting, credit and debt resolution can be obtained from the Consumer Credit Counseling Service (1-800-388-2227, or www.nfcc.org). Be wary of agencies that claim to “repair your credit,” since bad marks on your credit can only be eliminated if your credit is maintained at a high level for many years.
- Filing for personal bankruptcy should be considered as a last resort. Bankruptcy remains on your credit report for ten years and may hinder your ability to obtain: credit in the future, a job, insurance and even a place to live. In addition, the cost of filing for bankruptcy, including attorney fees, can be significant.



- When the balance of one credit card has been paid in full, destroy the card. You cannot incur debt on a card you do not have.

Additional Resources

Consumer Credit Counseling Service
1-800-388-2227

or
www.nfcc.org

Federal Trade Commission
1-877-FTC-HELP (382-4357)

or
www.ftc.gov

New York State Banking Department
(Consumer Services Division)
1-800-522-3330

or
www.banking.state.ny.us

Credit Reporting Agencies

Experian
1-888-397-3742

Equifax
1-800-685-1111

Trans Union
1-800-916-8800

Teresa A. Santiago
Chairperson and Executive Director
New York State Consumer Protection Board
5 Empire State Plaza, Suite 2101
Albany, NY 12223-1556
1-800-697-1220
www.nysconsumer.gov

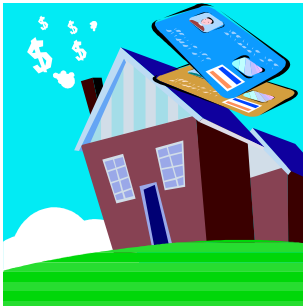
CHOOSING AND USING CREDIT CARDS



New York State
Consumer Protection Board

1-800-NYS-1220
www.nysconsumer.gov

Credit card debt has a devastating effect in the lives of millions of Americans. The average household carries 14 credit cards with an average outstanding balance of over \$7,000. Personal bankruptcy filings due to credit card debt this year are expected to exceed the annual record of 1.4 million.



Overwhelming debt can happen to anyone: the college freshman who receives his or her first credit card and is unable to pay the minimum balance, the average family, and seniors living on a fixed income. The New York State Consumer Protection Board has prepared this brochure to provide important tips on how to choose a credit card, avoid credit card debt and what to do if you have significant credit card debt.

How to Choose a Credit Card

Some tips for shopping for a credit card or evaluating cards you already have are:

- Make a list of features you need in a credit card. If you require convenience and safety, you may wish to consider a debit card or check card which limits the amount you spend to the funds in your bank account. In contrast to credit cards, debit cards limit the risk that you'll run up a big balance.

- Shop for credit cards by contacting banks or using internet-based services such as the Federal Reserve System's survey of credit card plans (www.federalreserve.gov/pubs/shop) or www.bankrate.com
- Contact the issuers of cards that seem to match your needs to verify publicized information.
- Be sure to understand where the card is accepted, whether the interest rate is fixed or variable, the annual percentage rate (APR) for purchases and cash advances, finance charges, penalties for late payments, the annual fee, grace periods and other features such as discounts.
- Don't accept credit card offers simply because the issuer thinks you qualify. Only you know how much you can afford to pay.

How to Avoid Credit Card Debt

- Only spend what you can afford. Remember that credit is a LOAN and not a gift.

- Don't "max out" or exceed the limit on your credit card. Over-the-limit fees can make it difficult to pay down your debt, and will reflect negatively on your credit report.
- Avoid using your credit card for cash advances. The fees and interest on such transactions are higher than for credit card purchases.
- Keep credit card receipts to verify that charges made on your card match those on your statement. Contact your creditor immediately if there are any discrepancies.
- Pay bills no later than the due date noted on your bill. Late charges can increase your balance in addition to the APR.
- Eliminate the temptation of applying for new cards by calling 1-888-5-OPTOUT to have your name removed from marketing lists.
- Help prevent your credit from being damaged by shredding or destroying all credit card receipts and statements.

