

## State Department Federal Credit Union Topics of Interest

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### Got Debt?

#### *Credit Counseling and Debt Repayment Plans Can Help*

Where would you turn for help if credit card and other unsecured debt became unmanageable? You could try to deal with it yourself – or you could turn to the experts. Sadly, many people do not use the assistance available to them before tapping out all other resources. And not solving the root issue of debt can lead to such negative consequences as sky-high interest rates, heavy fees, serious credit damage, legal action – even bankruptcy.

The emotional consequences of unmanageable debt are often equally as severe. Depression, anger, stress, and anxiety are typical among those who have money problems, often resulting in sleeplessness, loss of productivity at work, and marital and familial conflicts. For some, the sense of shame and guilt can be overwhelming. People with financial troubles often feel isolated, believing they alone have these problems. Pressure to maintain a certain lifestyle can exacerbate such feelings, particularly when a family or spouse depends on him or her for support.

Seeking help from an organization that deals specifically with these types of issues is a sensible way for people struggling with too much debt to attain financial control. Credit counseling is a specialized form of personal finance assistance. It is comprehensive, educational, and goal-oriented. In a credit counseling session, the cause – not just the effect – of financial troubles is explored. Clients gain clarity on their particular strengths and challenges, and acquire the tools they need to make conscious and positive choices.

Credit counselors are trained professionals, experienced with helping a wide spectrum of people. Sensitive to the unique circumstances and feelings that those struggling with debt have, counselors recognize there is no single answer or plan for all clients. The focus is on the individual and his or her personal needs and situation. Working in conjunction with the client, a counselor conducts a thorough financial analysis. After examining assets, income, spending habits, and debt, a workable action plan is designed, outlining the steps he or she needs to take to achieve short and long-term financial objectives.

For some clients, a debt repayment plan may be an ideal way to pay unsecured debts. Such plans require a client suspend the use of their credit lines and make one monthly payment to the credit counseling organization, which in turn pays the creditors. Debt repayment plans are beneficial because many creditors reduce or even eliminate interest rates and penalty fees – repaying the debt with less money going towards finance charges and more to the principle. Payments remain consistent, and as each debt is paid off, the remaining creditors are paid more, making it a very efficient system. And because it is a single monthly payment rather than several spread out over the month, clients often find money management easy.

BALANCE, the financial fitness program brought to you by your credit union, offers the very best credit counseling available. Their counselors are proficient in a wide array of consumer issues, including the legal system as pertaining to debt and creditors, housing, credit and lending, and money management. Why struggle alone? BALANCE offers free, objective, and practical advice – helping credit union members manage their personal finances and repay debt before small problems turn into crisis.

*As a credit union member, you have access to BALANCE, a financial fitness program dedicated to helping you achieve your goals. For more information, call them toll free at 888-456-2227 or visit <http://www.balancepro.net/sdfcu>.*

