



ACCC



American Consumer Credit Counseling



- Founded in 1991
- Non-Profit (501)(c)(3) Organization
- Member of the Association of Independent Consumer Credit Counseling Agencies (AICCCA)
- Certified Credit Counselors
- Leading provider of consumer financial education and debt management services

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ACCC Mission Statement



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National Debt Statistics

- Americans are over 1.7 trillion dollars in debt
- Americans carry over \$680 billion in revolving credit
- Visa International's own survey showed 48% of credit card owners only pay the minimum monthly payment
- Americans pay out over \$65 billion dollars in interest (Profit) to banks annually



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Workshop Agenda

This workshop will help you:

- 1.) Understand Credit
- 2.) Maintain Proper Credit Use
- 3.) Understand Credit Scoring
- 4.) Manage your Credit Rating



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Understanding Credit



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Types of Credit



Revolving Credit-Credit Cards are considered revolving credit. You can pay for all or part of your debt balance on a credit card



Installment Credit-“Closed End Credit”, the borrower and lender have outlined the specific amount of money needed, monthly payment and repayment time (A Car Loan)



Open Charge Credit-Commonly known as “30 days same as cash” (American Express)



Service Credit-Credit from utility companies, requires payment in full and issued without finance charges (Electric Bill)



Mortgage Credit-People obtain this type of credit for the purchase of a home, condominium or other real estate

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Disadvantages of Using Credit

- **High cost** to borrow money
- **Increase** in your debt load
- **Decrease** in savings amount
- **Property risk** (repossession or foreclosure)
- **Less money** each month for household expenses
- **Overspending** can create financial difficulties



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Cost of Credit example

If you purchased an engagement ring for \$2,500 on a credit card at 15% interest and you paid the minimum payment of 2% (\$50.00) each month how long would it take you to pay it off ?



- **7 years and you will pay back a total \$3,947 which includes \$1,447.79 in finance charges**

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Manage Your Debt

List **ALL** of your present debt as follows:

- **Creditor**.....Mastercard
- **Type of debt**.....Credit Card
- **Balance**.....\$4569.00
- **Monthly payment**.....\$171.00
- **Interest rate**.....12.99%



You must know how much money you owe and to whom you owe it !

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How to Reduce your Debt

- 1. Identify the debt with the highest interest**
 - Target this account to be paid off first
- 2. Eliminate impulse purchases**
- 3. Address your needs not your wants**
- 4. Make all remaining sources of credit and other credit products unavailable.**
- 5. Pay cash only**
 - If you do not have cash you can't afford it
- 6. Anticipate your expenses and plan for it**



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Credit Reports and Ratings



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About Credit Reports

- What is a credit score/report?
- How does credit scoring help?
- How does information get on a credit report?
- How can I find out my credit score?
- Who manages a credit report?



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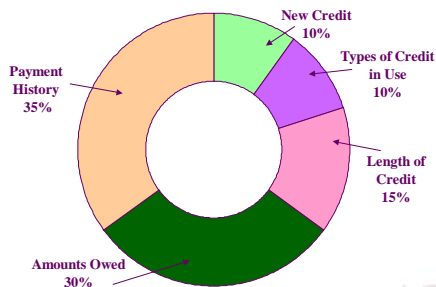
What a Credit Report Reveals

1. Identification information
2. Detailed information about all accounts
3. Credit report inquires from new and existing creditors
4. Pre-approved credit applications
5. Consumer statement
(100 words to explain any creditor information in your file)



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What is Considered in a Credit Score



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What is a Good Credit Score ?

- **730+** **Excellent credit**
- **700 to 729** **Good credit**
- **670 to 699** **Creditors will investigate**
- **585 to 669** **High risk**
- **0 to 585** **Rejected by most creditors**

2004 Fico Score Rankings

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Raising your Credit Score

- **Pay your bills on time**
- **Keep balances low on credit cards and other revolving credit (50% of credit line)**
- **Apply for/open new credit accounts only as needed**
- **Don't close unused credit cards that have history**
- **Check your own credit reports yearly**



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How to Correct Credit Report Errors

- **Contact creditor & request a written statement on error be sent to CRA's**
- **Follow up in writing with all 3 CRA's to guarantee that merchant made changes**
- **Make photo copies of any documentation to support your claim**
- **Under the Fair Credit Reporting Act, the CRA's are required to respond within 30 days**



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SIX Deadly Credit Score Killers

1. Delinquent credit obligations
2. Incomplete credit applications
3. Excessive inquires (soft vs. hard)
4. Errors in your credit file
5. Tax liens, bankruptcy, foreclosure, or repossession of collateral
6. Insufficient credit file



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Danger Signs of Financial Trouble

- Paying only minimum or missed payments on charge accounts
- Consolidating debts by borrowing from high interest lenders
- Depending on overtime to cover monthly bills
- Finding it impossible to save money or withdrawing funds from savings to cover bills
- Borrowing from friends and relatives to pay basic expenses



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How to Get out of Debt

- Stop using your credit cards
- Contact a credit counseling agency for help
 - A good credit counseling agency will:
 - Be a non-profit organization
 - Charge only minimal fees
 - Conduct a free budget analysis and professional consultation
 - Provide comprehensive financial education literature
 - Not accept voluntary donations
 - Be registered with the Better Business Bureau



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Important Contact Numbers

Equifax

To report fraud: (800) 766-0088
To order a credit report: (800) 685-1111
www.equifax.com

TranUnion

To report fraud: (800) 888-4213
To order a credit report: (800) 888-4213
www.transunion.com

Experian

To report fraud: (800) 397-3742
To order a credit report: (800) 397-3742
www.experian.com



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Important Contact Numbers

Federal Trade Commission (877) 438-4338

Federal Do Not Call List (888) 382-1222

Marketing List Removal (888) 567-8688

To have your name removed from pre-approved credit applications, marketing calls and to advise credit reporting agencies that you do not want them to share your information



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Workshop Summary

1. Be aware of the Types of Credit
2. Understand the Cost of Credit
3. Maintain Proper Credit Use
4. Understand Credit Reports
5. Manage your Credit Rating



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How to Contact Us

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