

Money Management

Money Management is a weekly column on personal finance prepared and distributed by certified public accountants.

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GETTING OUT FROM UNDER DEBT

Are you facing problems managing a heavy debt load? If so, you're not alone. Households with credit cards had an average of nearly \$11,000 in debt in those accounts, according to the latest figures from the Nilson Report, which follows credit card transactions. In addition, job loss or upward adjustments to mortgage payments have left many people wondering how to pay off their monthly bills. The New Hampshire Society of CPAs offers some tips to help you emerge from indebtedness and do a reality check on your spending.

MAKE A CALL

There are a number of steps you should take if you are unable to keep up with your payments. First, contact your creditors, whether the mortgage lender, utility company or credit card issuer, and explain your situation to them. These businesses would prefer to keep you as a paying customer, so they are often

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willing to work out alternative plans. These might include debt moratoriums, in which you defer paying your bills for a certain period until you're back on your feet, or payment plans, in which you lower your monthly bill by stretching out your payments. Also be sure to ask your credit card company about lowering your interest rate, a step that could also reduce your monthly outlays. No matter what kind of help you are seeking, don't be afraid to have an honest conversation with your creditor, because they may be willing to help. This simple step will also likely end calls from creditors asking about payments, which should reduce stress and make it possible for you to concentrate on getting back on your feet.

GET HELP

A reputable credit counselor can assist you in negotiating with your creditors or putting together a realistic budget that can bring you through your current crisis and get you on sound footing for the future. The National Foundation for Credit Counseling can help you find a reputable counselor in your community who will offer free or low-cost advice. Contact them at 800-388-2227 or learn more at www.nfcc.org. Be aware that there are many scam credit counseling operations that make unrealistic promises about lowering your interest rate or

getting your debt reduced or forgiven altogether. Be very cautious if a company's offers sound too good to be true or if a hefty upfront payment is required.

GET A FRESH START

Whether you are in debt because of poor spending habits or an unexpected financial crisis, this is a good time to prepare a budget that reflects your current situation. In the next month, keep a list of everything you spend each day. You may be amazed at the number of unnecessary expenses that have crept into your budget. At the end of that month, review the list and decide how you can change your habits so that you will cut back on the things you don't really need.

GET MORE INFORMATION

The CPA profession's 360 Degrees of Financial Literacy campaign offers information to help consumers make sound financial decisions. The Web site's Life Crisis section provides a wealth of advice on job loss, bankruptcy and other troubling financial issues. Find the site at www.360financialliteracy.org.

YOUR CPA CAN HELP

Whether you are trying to get a handle on debt or address

another important financial concern, be sure to turn to your local CPA. He or she can provide the advice you need to make important financial decisions.

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