



## Find Debt Counseling That Won't Ruin Your Credit

As our economy has evolved into a credit and installment payment society, many people find themselves living beyond their means with the use of handy, easily-obtained credit cards. Getting behind in payments however, can lead to outrageously high interest rate charges and a mounting pile of debt. This can in turn be detrimental to one's credit score as the debt-to-available credit ratio increases. Many people who find themselves in over their heads with debt turn to debt consolidation and counseling agencies.

This choice is can be a wise path to take – if you find a reputable agency. Unfortunately, there are people out there willing to take advantage of the down-and-out. They may promise to pay off and manage your debts if you pay them a certain amount each month (known as a Debt Management Plan.) The problem is they may pocket your cash while allowing your debts to keep piling up. Then the debt counselor may 'disappear' one day leaving you with ruined credit and even less money than you had before.

How can you avoid this scenario? The Federal Trade Commission website offers a few suggestions to finding a qualified and licensed debt counseling service. First, the Commission advises you to find out whether the debt counseling agency offers a range of solutions, not just Debt Management Plans. The website says "Look for an organization that offers a range of services, including budget counseling, savings and debt management classes, and counselors who are trained and certified in consumer credit, money and debt management, and budgeting. Counselors should discuss your entire financial situation with you, and help you develop a personalized plan to solve your money problems now and avoid others in the future... Avoid organizations that push a debt management plan as your only option before they spend a significant amount of time analyzing your financial situation. DMPs (Debt Management Plans) are not for everyone. You should sign up for a DMP only after a certified credit counselor has spent time thoroughly reviewing your financial situation, and has offered you customized advice on managing your money."

The FTC also recommends finding out if the agency is truly licensed in your state. You can check out their credentials with your state government offices. It may also be a good idea to find out if the company is accredited by outside organizations. You want to make sure they are legitimate!

You should also be sure to get a written contract about the debt services being offered. Don't let a debt counselor talk you into a plan over the phone or with just a verbal promise. Make sure you get it in writing so that you will have physical proof if the company does not fulfill their promises. Along the same lines, be sure to get an itemized list of their fees and the costs they will charge you for their services. You do not want to be caught by surprise with any hidden fees. You should compare their charges with other debt counseling companies to make sure the rates are reasonable.

Finally, be sure to check out the company's business track record with the Better Business Bureau. Any complaints from other clients will be listed with them and the company's history may give you a better idea of whether or not you should trust them!