

# Getting Out of Debt

Debt happens. And there are a lot of organizations that want to help you get out of it. The best-known nationwide credit counseling service is the Consumer Credit Counseling Services (CCCS). It bills itself as a non-profit debt counseling service and has provided much-needed advice to those in serious debt.

Here's how it works: If a debtor's situation is dire enough (they accept only the hardest-luck cases), CCCS will help develop a debt repayment plan for a reasonable monthly fee, which could be as high as \$50 based on your overall debts and income. (Should you use the services of a for-profit organization, do not use one that asks for a large up-front fee.) CCCS contacts your creditors on your behalf and gets them to lower monthly payment requirements and either notch down interest rates or do away with them altogether. Why the generosity? Creditors don't want you declaring bankruptcy and defaulting on the debt altogether.

You should know from whom the advice comes if you consult with CCCS. The organization is largely funded by "the credit industry" – read: creditors, many of whom are credit-card issuers. They'll talk about a lot of options, but they'll never mention bankruptcy.

Some customers have nicknamed CCCS the "Credit Card Collection Service", saying the organization is more concerned with getting the creditor paid quickly than insuring that the debtor has enough monthly income on which to live. The debt repayment plans they peddle encourage customers to turn over their paychecks each month for CCCS to dole out among creditors. The organization decides whom to pay and how much.

Listen to their advice, adapt it to your needs, but never hand over control of your monthly income. In many instances you can negotiate lower rates on your own. But if your creditors number in the double digits, you may find it exceedingly difficult to get all of them to lower interest rates or work out an acceptable payment schedule. That's where the services of CCCS can come in handy. It has relationships with nearly all unsecured creditors and can usually negotiate lower rates.

If you do sign up for a debt-repayment plan from CCCS or any other organization, follow through. Should you renege on the plan, it can show up as uncollected debt on your credit report for seven years - a red mark almost as bad as bankruptcy.

CCCS, and other organizations like it, develop debt repayment programs. There are other companies that offer to repair your credit rating -- usually for a large up-front fee.

There are only two things that will improve a bad credit record:

- time
- re-established credit

Debt doctors, credit repair clinics, and such organizations cannot remove negative information from your credit report if it is accurate, no matter how much you pay them. If you find information on your credit report that is outdated or inaccurate, contact the credit bureau directly to have it changed.

## Resources – Websites:

**Equifax:** <http://www.equifax.com>

**Experian:** <http://www.experian.com/personal.html>

**Trans Union:** <https://www.transunion.com>

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