

The Debt & Credit Advisor

The official newsletter of The Credit Counseling Foundation



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Choosing the Best Credit Card for yourself – wise credit purchasing

By Kevin Thomas, Executive Director

Highlights

- **Financial Education** - Wise Credit Purchasing
- **Marketing** - Client Referral Program Takes Off
- **Company News** - ISO Recertification a Go!
- **News** - New bankruptcy laws and Credit Counseling.
- **Customer Service** - How to get the most out of client support.

Contents:

Choosing the Best Credit Card for Yourself	1
Referral Program off to Fast Start	2
TCCF passes ISO December Audit and is Recertified for 2003	2
Client Referral Update	3
Creditors Targeting Young People?	3
New Laws may require Credit Counseling	3
Our Client Services Tip	4

It's a fact that most people are not getting the best rates on their revolving credit accounts, especially consumer credit cards. Often this is because a consumer has received a tempting "pre-approved" offer for credit and all too often the recipient just accepts the card to avoid the hassle or chance of rejection if they applied for a card directly. Yet all too often, we find these offers connected with cards that have exorbitant interest rates of 18% to 24% (or more)!

Even though credit cards all basically look the same and work similarly when it comes to making a purchase, people tend to assume that they are basically all the same. Well this is one case where "if it walks and talks like a duck, it must be a duck" just doesn't ring true.

Credit Card Terminology



Credit terms and conditions affect the overall cost of using your creditability. It makes a lot of good sense to compare terms and fees *before* you agree to open a credit or charge card account. Here are some of the more important terms that are disclosed in most credit applications pre-approved or otherwise. When you're shopping for a card, it may be helpful to ask about these terms in particular.



Annual Percentage Rate. The APR is what it costs you for the credit, measured at an annual rate. This figure must be disclosed before you agree to accept any credit. The credit issuer must also disclose the "periodic rate" – the rate applied to your outstanding balance for the finance charge each billing period.

On many cards, this rate is fixed, while there are also variable rate cards. This means the rate can vary, going up and down with changes in the prime and other lending rate variables. If you apply for a variable rate card, you must also be informed of how that rate is determined, how you're informed of changes, how often the rate can change, and what the maximum allowable interest rate can be on the card regardless of the economy.

Free or Grace Period. This is the period where you can avoid finance charges by paying your balance in full before the due date. Not all cards provide a grace period, which means they begin charging interest the moment you make the purchase and no matter how quickly you pay, you'll pay some finance charges. *(Continues Next Page)*

For cards that offer a grace period the bill

Wise Credit Purchasing *(continued from Page One)*

For cards that offer a grace period, the bill must be sent to you at least 14 days before the due date to give the card holder enough time to pay. The grace period should be 28 to 30 days.

Annual Fees. Most card issuers charge an annual membership or participation fee. This often ranges from a low of about \$25 to over \$100 for some “gold” and “platinum” cards. However, many cards charge no annual fee at all, so be careful when choosing. Also, be aware of cards that charge no “annual” fee, but charge exorbitant monthly “membership” fees or extremely high interest rates to make up for it.

Transaction Fees and Additional Charges. Cards often include other costs. Some charge for using the card to get a “cash advance”, for making a late payment, or exceeding your credit limit.

OTHER COSTS AND FEATURES. Credit terms vary

widely among issuers. When shopping for your credit, consider how you’re going to use it. If you expect to pay your balance off in full each month, the annual fee, grace period and other charges may be more important than the interest rate and finance charges. However, if you are going to maintain a balance, then you need to consider the interest rates and monthly finance charges in addition to other charges and fees.

Special Delinquency Fees or Increased Rate Penalties. Some cards that offer low rates for on-time payments apply an especially high Interest Rate/APR if you are late a certain number of times within a specified period or time (or even if you’re late just once!). These rates usually exceed 20 percent. Specifics about delinquency rates must be disclosed prior to your acceptance of credit either through the credit application or stated in solicitations that do not require an application.

See PART TWO - TO BE PUBLISHED IN NEXT ISSUE

Client Referral Program Off to Fast Start

By Robert Silverman

The TCCF Client Referral Program announced in the last issue of the *Debt & Credit Advisor* has been a rousing success, with a good number of \$25 checks sent out to both clients and other’s who’ve referred people to TCCF for help—just in our first month running the new program.

Clearly, client’s who’ve seen the benefits of our work are sending us new potential customers, and they’ve been doing this since our beginnings. Now with the added benefit of a \$25 referral check when the referred per-

“Client’s who’ve seen the benefits of our work are sending us new customers...”

son signs up, we see more people than ever sending relatives, friends and business associates to us for service and support.

If you wish to use our referral coupons, just call our toll free number and request them. If someone calls in to TCCF based on your recommendation, make sure they give us your name and other info so we can give you your referral check. Once the new client makes their first payment, you’ll have a check for \$25 in approx. 30 days. There is no limit on the number of people you can refer for the program.

TCCF reaccredited by ISO in December 2002 Audit

By Jill McCarthy

The International Organization for Standardization (ISO) is a European based industry group that measures and helps maintains the quality of both manufactured products and the work of service organizations like TCCF. It is no easy feat to be ISO accredited, and recertification takes place on a regular basis. This is accomplished via the detailed auditing of virtually every process and procedure we follow, from sales to client support, as well as our work dealing directly with creditors.



ISO accreditation assures customers, vendors and others in the business community that our organization meets or exceeds the ISO standards, among the strictest operating standards in the world today. We are proud to have passed this last audit for recertification and expect to see this on a regular ongoing basis. You are working with the very best and ISO is pleased to confirm this for you! Happy New Year!



Protecting your computer system

By Ricardo Saavedra

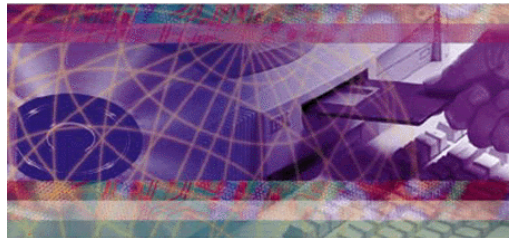
Without a doubt, the vast majority of our clients are active computer users. This fact among others was key in our decision to make client account information available online.

Protecting your personal information on our network is an important concern of ours, and the client's role in this is to guard their user name and password. However, we recently became aware that many of our clients have virtually no security measures in effect to protect their computers from viruses or intruders (hackers) when they are online.

Virus infections can be acquired through email, other people's copied software (on floppy or CD) and in rare cases, from web sites. Yet the simplest PC user can easily acquire and install any of the better anti-virus software, with Norton's and

MacAfee's products considered the best. Just remember to update your virus definitions weekly and you should be fine.

Hackers look to exploit doorways into your system (called ports) using probes they send out to thousands of machines at one time. A software based "firewall" is usually all it takes to overcome this threat and one of the best, ZoneAlarm™ is available free for non-commercial use at www.downloads.com or from their own site at www.zonelabs.com. Norton and MacAfee also make well regarded software firewalls as well, although they are not free.



It is critical that you protect your system and you owe it to yourself to take these measures

for your own security's sake. You'll be glad you did.

Creditors Unfairly Target Young People for Credit They Can't Afford

By Bill Frazzetto

Imagine you own a home, a couple of cars, and you enjoy consistent income from your job. Likewise, you have a young college student living at home who works part-time and earns a tenth of what you do. Can you imagine that child being offered in excess of \$50,000 in credit? If you think not, well think again.

"Can you imagine your child being offered in excess of \$50,000 in credit? If not, think again..."

From personal experience, I can tell you that students earning less than \$10,000 a year are offered pre-approved low interest credit cards with extravagant credit limits- getting such offers as often as two or three

times a week! While legal, this strikes me as incredibly unethical.

Creditors know that young people are often under financial stress and that an offer of quick cash might be the most tempting thing they could offer. While unwise for their young customer, the banks don't seem to care, since it makes them profits. We can educate and protect our young people from

these abuses and keep them out of the cycle of credit madness so they can look to their future with excitement, not one of outrageous bills with impossible terms.

New Bankruptcy Laws May Require Credit Counseling

By Jennifer Ritter

As the momentum for bankruptcy reform is building, it is quickly becoming apparent that the new rules will probably require people to enter into a Credit Counseling and Debt Management program as a prerequisite for filing Chapter 7.



This makes sense on one level since all too often it is poor credit management that's put the per-

son into their horrendous financial predicament in the first place. While it would be nice if the creditors required a basic understanding of credit (instead of hiding the hard truth in fine print) before someone gets into trouble, it's good to see that the second time around they want you to know what you're doing.

We are working on developing course materials for high school and college students to do just that, to educate people about the uses and abuses of credit utilization.

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Imagine Yourself Debt Free

We're on the web...
www.GoDebtFree.com

Bill Frazzetto, Editor

How to make the most of our Client Support Services

By Sheawn Baving

The Credit Counseling Foundation is committed to providing its clients with the finest in customer support. Our client support representatives are well trained to handle virtually any issue that may arise during the course of your work with TCCF.



However, a client can help us to help them by being prepared with the following information when they call into client support;

- ◆ *Your client identification number and SSI number.*
- ◆ *Copies of your most recent revolving credit and credit card statements for creditors you have in our program.*
- ◆ *Any correspondence besides statements you may have received from the creditors.*
- ◆ *A paper and pen to write down the important information our client support rep may give you in the course of the call.*

- ◆ *An open mind—our goal is to assist you as well as we can.*

Our quality policy reflects exactly what our goal is as a company and a community service:

The Credit Counseling Foundation is dedicated to being an industry leader in providing debt management services. These efforts enable us to deliver services of the highest quality that consistently meet or exceed our clients' needs while meeting applicable regulatory requirements. We ensure that resources and training are continually available to employees through the effective application of the quality management system. This is achieved through the commitment and total involvement of management and our skilled and dedicated staff.

To contact client support Toll Free call 1-800-648-9583 (Mon-Thurs 9:00 to 6:00 eastern, Fridays 9:00 to 5:00) or via email us at help@godebtfree.com. You can also fax materials to 954-590-1222 or mail them directly to our Fort Lauderdale offices.