



## Highlights

- Gas or Bills**  
 As the price of gas has risen, there has been a steady and frightening increase in the amount of delinquent credit card payments
- Credit Card Payments**  
 If you are one of the millions of Americans who just pay the minimum amount on your monthly credit card bill, or even pay slightly more, get ready to dig a lot deeper into your wallet.
- New Bankruptcy Laws**  
 Starting in October 2005, filing for bankruptcy will become more difficult and more expensive.

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# A Tough Decision...Gas or Bills?

By Neil Goldberg

An alarming trend is starting to rear its ugly head as millions of Americans have to make the tough decision of whether to pay their bills or fill up their cars with gas.



As the price of gas has risen, there has been a steady and frightening increase in the amount of delinquent credit card payments. Delinquencies reached a record high for the second quarter, 4.81%, and with the effects of Hurricanes Katrina and Rita putting further pressure on gas and heating oil prices, the prospects for the third quarter and beyond do not bode well. And with natural gas prices 71% higher than a year ago and heating oil up 31% and winter right around the corner, a third choice enters the equation – gas, bills or warmth!

James Chessen, the American Bankers Association's chief economist said "The last two quarters have not been pretty. Gas prices are taking huge chunks out of wallets, leaving some individuals with little left to meet their financial obligations." And with personal savings at an all time low, there is no reserve for many to fall back on.

At TCCF we are certainly aware of the difficulties that many of our clients are experiencing, as we have seen a marked increase in the number of clients requesting further reductions from their creditors. Sadly, there has

been no offering of additional relief from the creditors except for those who were directly affected by these two disasters.

As valued clients, you have our pledge that we will continue to lobby on your behalf. In the meantime however, we urge all of you to make every effort to continue to make your payments to your Debt Management Program on time, as there are dire consequences if you do not. Many creditors will drop your account from the program if payments are more than 30 days late. Once this happens, they will raise your interest rates up to their pre-program levels or possibly higher, while ceasing all other program benefits. Also remember, minimum payments are now raised to about 4% of the balance (see article on page 2). Additionally, most creditors will not accept you onto another Debt Management Program for up to five years, meaning that once dropped, you will have no relief from these higher interest rates and minimums. And with the new bankruptcy law taking effect on October 17, 2005, this option will be far more difficult to obtain.

Therefore, if you or anyone you know is facing these daunting problems, we urge you to call us to discuss your situation. We stand at the ready to offer help with better budgeting techniques as well as proposing possible alternatives for you to consider. Regardless of the circumstance, know your TCCF family is here, ready to assist you, so pick up the phone and let us help!

# Credit Card Payments Are On The Rise

By Neil Goldberg

If your credit cards are not already under a debt management or debt settlement program, you could be in for an unpleasant surprise in the coming months. If you are one of the millions of Americans who just pay the minimum amount required on your monthly credit card bill, or even pay slightly more, get ready to dig a lot deeper into your wallet. This is because federal regulators have asked the major credit card issuers to raise their minimum required credit card payment in an effort to help consumers reduce their indebtedness more quickly and save on interest. Right now most credit card minimums are calculated at about 2% of the outstanding monthly balance. Therefore, if a consumer has a \$10,000 balance and has an APR of 13 percent, and only makes the minimum 2% payment presently required, it will take 33 years to pay off the balance – while paying an outlandish \$11,450 in interest! These 2% minimums were intentionally set artificially low, barely covering interest and fees on the card, while hardly making a dent in the balance owed, and thereby saddling the consumer with a long term debt.



Under the new parameters suggested by the Fed, that same \$10,000 debt at 13 percent APR with a 4% minimum payment, would be paid off in less than 13 years with a total of \$3,664 in interest.

On the surface this appears to be a real boon for the consumer, but on closer inspection, this requirement could spell disaster for many.

While many consumers are already paying more than the required minimum, according to recent data over 1 in 4 credit card consumers make only the minimum payment some

months. Another 1 in 4 currently pays more than the required 2% but less than the 4% that will by years end be required by most creditors. It is a reasonable and logical conclusion that the rationale behind people only paying these minimum amounts is because that is all they can afford. After all, who would intentionally fetter themselves to a debt for 20-30 years if they didn't have to? Therefore, it is unreasonable to expect those who only pay the 2% minimum, or slightly more, to be able to fork

*(Continued on page 4)*

## Be Aware of Debt Elimination Scams and How they Work

San Diego, CA - Debt elimination scams have been advertised on web sites like BankHonesty.com, TerminateDebt.cc, and TAFinancial.net for years. The debt elimination scams that were found on these sites provided debt-plagued consumers with a number of bogus tactics they supposedly could take to get out of paying debts.

These schemes are proliferating on the Internet, and the organizers are charging borrowers substantial up-front fees and commissions based on the total amount of debt that can be forgiven.

The Federal Reserve Bank warns consumers of various illegal schemes that purport to eliminate outstanding debt through the use of specially prepared documents. The organizers of these schemes concoct specious legal documents based on the borrower's debt, which are then presented to the borrower's bank, mortgage company, finance company, or other lending institution in an attempt to satisfy the debt.

The purported legal documents used in the current scams include fake financial instruments that claim to eliminate the borrower's debt obligation. Regulators warn consumers to be advised that worthless instruments entitled 'Bond for Discharge of Debt', 'Bill of Exchange', 'Due Bill', 'Redemption Certificate,' or other similarly titled documents, regardless of how such instruments or documents are titled or whether they appear authentic, they are worthless, have no legal va-

lidity, and are not payable through the United States Treasury, the Secretary of the Treasury, the Comptroller of the Currency, or any other federal or state agency.

Debt elimination programs that claim Federal Reserve approval or acquiescence and the satisfaction of legitimate debts through the presentation of suspicious documents are totally BOGUS. The Federal Reserve does not approve and is in no way involved in any program aimed at eliminating anyone's debt obligations.

Borrowers who fall for these types of scams generally pay significant amounts of money without eliminating or reducing their overall indebtedness. Also, the cessation of legitimate loan payments increases the risk of a foreclosure or other legal action that could be taken against the borrower, and it could also negatively affect the borrower's credit rating and score.

Should you come across debt elimination scams on the Internet or elsewhere, please consider reporting the details to the FBI by calling the regional office listed in your phone book.

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[Institute of Consumer Financial Education \(ICFE\)](#)

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# How To Protect Your Identity

## ATTORNEY'S ADVICE -- NO CHARGE

A corporate attorney sent the following out to the employees in his company.

1. The next time you order checks have only your initials (instead of first name) and last name put on them. If someone takes your checkbook, they will not know if you sign your checks with just your initials or your first name, but your bank will know how you sign your checks.
2. Do not sign the back of your credit cards. Instead, put "PHOTO ID REQUIRED".
3. When you are writing checks to pay on your credit card accounts, DO NOT put the complete account number on the "Memo" line. Instead, just put the last four numbers. The credit card company knows the rest of the number, and anyone who might be handling your check as it passes through all the check processing channels won't have access to it.
4. Put your work phone number on your checks instead of your home phone. Instead of using your home address, use a PO Box number or your work address. Never print your SSN on your checks. Add it when necessary. If you have it printed, anyone can get it.
5. Place the contents of your wallet on a photocopy machine. Do both sides of each license, credit card, etc. You will know what you had in your wallet and all of the account numbers and phone numbers to call and cancel. Keep the photocopy in a safe place. Carry a photocopy of your passport when traveling either here or abroad. We've all heard horror stories about fraud that's committed on us in stealing a name, address, Social Security number, or credit cards.

The attorney giving this advice had firsthand knowledge when his wallet was stolen.

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## What To Expect In The First 30-60 Days

The timeframe for completely setting up your account with the various creditors may take about two months or two billing cycles. While we are working closely with each creditor's consolidation process from the moment you sign on with TCCF, the development and acceptance of your personal proposals as well as the ironing out of details, interest rate reductions, the elimination of new penalties and fees all takes a bit of time. We need to make sure we dot every "i" and cross every "t" when it comes to handling the finances of each valued client.



Still, no matter how quickly we proceed on your behalf, each creditor has its own timing to set up an account and complete the process. Like all large organizations, some creditor institutions are quicker than others. And very often, in fact in most cases, the creditor's billing department is not aware that you have entered into a debt management and credit counseling program. They are not informed until the entire arrangement has been completed, and after timely payments are established they generally re-age the account, consolidate all amounts

into one final balance, adjust the interest rate and eliminate fees/penalties.

However, and this is important, for the first few months, a new participant in the debt management program might see late fees and possible penalties applied to the bills received. The billing department, completely unaware of your activities in an altogether different department of the financial institution simply (usually entirely through automation) notes a non-payment and adjusts the account accordingly – sending you a bill with no noted payment and a late fee.

This is par for the course, it happens to millions of new consolidation clients every year and it is no cause for alarm. Still, some people feel concerned when this happens, and we encourage you to call us if you get a bill with charges you don't understand. The fact is, for the first couple of cycles this will be the case unless you can afford to make both the minimum payments to your creditors and the new monthly payment your creditors are requiring for your debt management program. As this is not required, nor feasible for the overwhelming majority of our clients, rest assured that once our program kicks in, all the creditors will be on the same page so to speak, and all of the bills after that will reflect the new balances and you'll actually start to see your balances going down more appreciably, with no penalties, no fees and no "past due" notices!

**Protect Your Identity** *(Continued from page 3)*

Within a week, the thief/thieves ordered an expensive monthly cell phone package, applied for a VISA credit card, had a credit line approved to buy a Gateway computer, received a PIN number from DMV to change his driving record information online, and more. But here's some critical information to limit the damage in case this happens to you or someone you know:

1. We have been told we should cancel our credit cards immediately. But the key is having the toll free numbers and your card numbers handy so you know whom to call. Keep those where you can find them.
2. File a police report immediately in the jurisdiction where your credit cards, etc., were stolen. This proves to credit providers you were diligent, and this is a first step toward an investigation.
3. This step is the most important action to take. Call the three national credit reporting organizations immedi-

ately to place a fraud alert on your name and Social Security number. The alert means any company that checks your credit knows your information was stolen, and they have to contact you by phone to authorize new credit.

By the time the attorney was advised to do this, almost two weeks after the theft, all the damage had been done. There are records of all the credit checks initiated by the thieves' purchases, none of which he knew about before placing the alert. Since then, no additional damage has been done, and the thieves threw his wallet away and someone turned it in. It seems to have stopped them dead in their tracks.

Here are the numbers you always need to contact in the event your wallet, etc., has been stolen or lost:  
 Equifax: 1-800-525-6285 Experian (formerly TRW): 1-888-397-3742 Trans Union: 1-800-680-7289  
 Social Security Administration (fraud line): 1-800-269-0271

**Credit Card Payments** *(Continued from page 2)*

over the additional money a 4% minimum requires. For example, as we illustrated above, under the old requirement, that \$10,000 credit card balance would require a minimum payment of \$200. Now, that same minimum would jump to \$400! Multiply this by several credit cards (the average consumer has 8) and it's easy to see how this could wreck havoc with even the most well conceived budget.

Over the third and fourth quarters of this year, almost all major creditors will be phasing in these new increased minimum payment plans. So keep a close eye on your statements in the coming months. And although some creditors may vary slightly from the 4% formula, make no mistake about it, the minimums are going up, and going up sharply!

Now more than ever, the relief that can be supplied through a debt management or debt settlement service will be increasingly in demand. Short of bankruptcy, which will be considerably harder to qualify for once the new bankruptcy reform bill takes effect October 17, 2005, these two sources of remedy will become the consumers new best friends and only viable and stigma free avenues of immediate relief. Here at TCCF, our friendly and highly trained staff is ready to assist anyone facing the additional burden these higher payments will place on them. We're professionals, so we understand and empathize with your situation. And, if after assessing a client's situation we determine that even a credit counseling payment is still unaffordable, in our commitment to provide our clients with the "gold standard" in service, we will gladly refer clients, free of charge, to an independent debt settlement firm, who is a recognized leader and among the most respected in the debt settlement industry. Both companies stand at the ready to give you a free, no obligation analysis of your

financial situation, together with recommendations on how to best resolve the problem.

Therefore, if you, or someone you know, run headfirst into this quagmire in the coming months, why not give us a call (1-800-790-3882), or pass our number along to them! We just might have the perfect solution to the problem. And in addition to helping a friend, you can collect a \$25 referral fee for any client you refer who joins either program. Simply fill out the referral coupon in this newsletter, and we'll take care of the rest!

**REFER-A-FRIEND**  
**REFER-A-FRIEND**

If you know someone that needs our Debt Consolidation and Credit Counseling services, just fill out the form below and mail it to

4631 NW 31ST AVE, SUITE 118, FORT LAUDERDALE, FL 33308

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_  
 State \_\_\_\_\_ Zip \_\_\_\_\_  
 Primary Phone No. \_\_\_\_\_  
 Secondary Phone No. \_\_\_\_\_  
 Email \_\_\_\_\_

Referred By: \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_  
 State \_\_\_\_\_ Zip \_\_\_\_\_

Additional coupons available upon request