



Consumer Credit Counseling Service
of Maryland and Delaware, Inc.

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Contact Information:

NANCY STARK
410.357.0614 (phone)
410.357.0613 (fax)
nstark@mind2medias.com

Helping people help themselves through Education, Financial Counseling and Debt Repayment

PLANNING AND ACTION CAN LEAD TO A FRESH FINANCIAL START IN 2011

(WILMINGTON, DE) The Christmas tree has been shredded. The tinsel has been taken down. Life is returning to normal -- that is until the credit card bills start to arrive. It's easy to overspend during the holidays. But in this unsure economy, it's important to take financial control, especially if you are already living paycheck-to-paycheck. Don't let feelings of shock and guilt keep you from taking action. With preparation, knowledge, and discipline, 2011 could be the year you become financially fit. Mary Rammel, a certified housing counselor with local nonprofit agency Consumer Credit Counseling Service of MD & DE (CCCS), says that it "all begins with a plan."

Rammel, who worked for more than 20 years at CCCS as a credit counselor, says that financial problems can happen to anyone. She notes. "No matter how wealthy you are, you can still be a poor money manager. When I first started at CCCS, an employee from my last job said, 'Good luck dealing with all those poor deadbeats.' Little did he know that my clients would include scientists, business professionals, even a college president. I quickly learned that there is no such thing as a typical client. That's even truer now that the economy has gotten worse." She recommends that consumers take a look at their financial situation and come up with a strategy to improve it.

"Make an accurate list of what you owe and total up your income to see how much you're short. Then come up with ways to eliminate expense or generate income. When you free up money, apply it to the credit card bill with the lowest balance - that way you'll see immediate results." Rammel recommends. "Here at CCCS, we also can help you examine your financial situation, set up a budget, and explore the available debt repayment options. If you have some income and qualify, we can enroll you in a debt management program to help you pay off your unsecured debts."

CCCS credit counselors provide confidential money management advice at local offices in Wilmington, Dover, on the Maryland Eastern Shore, and by phone. According to Rammel, counselors begin by helping clients figure out where they stand financially. "They don't always have a clear understanding of how much they really owe, but they know they're in trouble. They are anxious, because their finances are interfering with their marriage or their life. For example, DE Financial Literacy Institute referred a client to us who was single and had started her own business. When the income from the business fluctuated, she started using her credit cards to live on. Before she knew it, she was making payments on 12 credit cards. That's when she realized that she needed help."

To get a clear financial picture, CCCS counselors help clients develop a personal budget. Rammel says, "This is the point where we add up the client's income and expenses and see how they compare. This will tell us how much debt they have and what they have left to live on each month. When we added up my self employed client's credit card debts, she was shocked at first, because it turned out she owed more than \$25,000."

The next step is to look at ways to deal with that debt. Rammel said that with some help almost anyone can reduce the amount they spend each month, and this may bring their budget back in line. Premium cable television, internet, and cell phone plans, eating out at work, and expensive salon visits are just a few of the expenses that may need to be trimmed. On some items it just comes down to being better informed. "We review clients' pay stubs and often find that they can save money by reallocating withholdings or putting a little less into their 401-K plans each paycheck. If they are stuck in a high-interest mortgage or have enough equity in their home, I might suggest that they look into refinancing."

After reducing their expenses and looking for additional means of income, clients who are in serious debt may still find they have budget problems, because their expenses exceed the amount they can afford to pay out each month. At this point, a debt management plan (DMP) may be the best option. This is a voluntary program where many creditors agree to reduce their interest and fees as long as the client makes a single payment on time and in full to CCCS each month. The agency then distributes this payment to the client's unsecured creditors. Clients also agree to give up their credit cards and live on cash while they are in the program.

According to Rammel, clients who stick to their DMPs receive a number of benefits. "For the first time in a long time, they can stop worrying, because they have a plan. They know that if they stick to their payments, they will be debt free within a certain period of time. And before long, they start to see progress: Their credit card balances are actually going down. If they have several credit card accounts, we also save them time and postage. They just make one payment to us, and we take care of all their headaches."

Clients who complete CCCS debt management plans walk away debt free. "At the end, they're in a much better financial position," Rammel notes, "and because creditors have reduced their interest and fees, it's taken a lot less time than it would have if they'd done it by themselves. It would have taken the client I mentioned earlier 10 years or longer to pay off her debt on her own. In the debt management plan, it will take her half as long. By paying off what they owe, they also improve their credit history."

Along the way, CCCS DMP clients also learn valuable financial skills, such as how to live on a budget and how to avoid overspending on things they don't need. Rammel concludes, "When clients first come to us, one of the most important things we give them is hope. The most rewarding thing for me is when they call and say, 'I've made it through. I'm finally debt free. It's a good feeling knowing that you actually made a difference in someone else's life.'"

If you've resolved to get your finances in shape this year, don't wait to take action. The sooner you set up a plan, the better chance you'll have to become financially fit and secure. To learn more about CCCS of MD & DE, visit their web site at www.cccs-inc.org or call 1-800-642-2227 for a credit counseling appointment.

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Consumer Credit Counseling Service of MD & DE, Inc. (CCCS) is an accredited nonprofit agency that has served the local community since 1966. CCCS is dedicated to helping individuals and families resolve their financial problems. We promote the wise use of credit through education and confidential budget, money management counseling, and housing counseling. Delaware State License #07-01.