

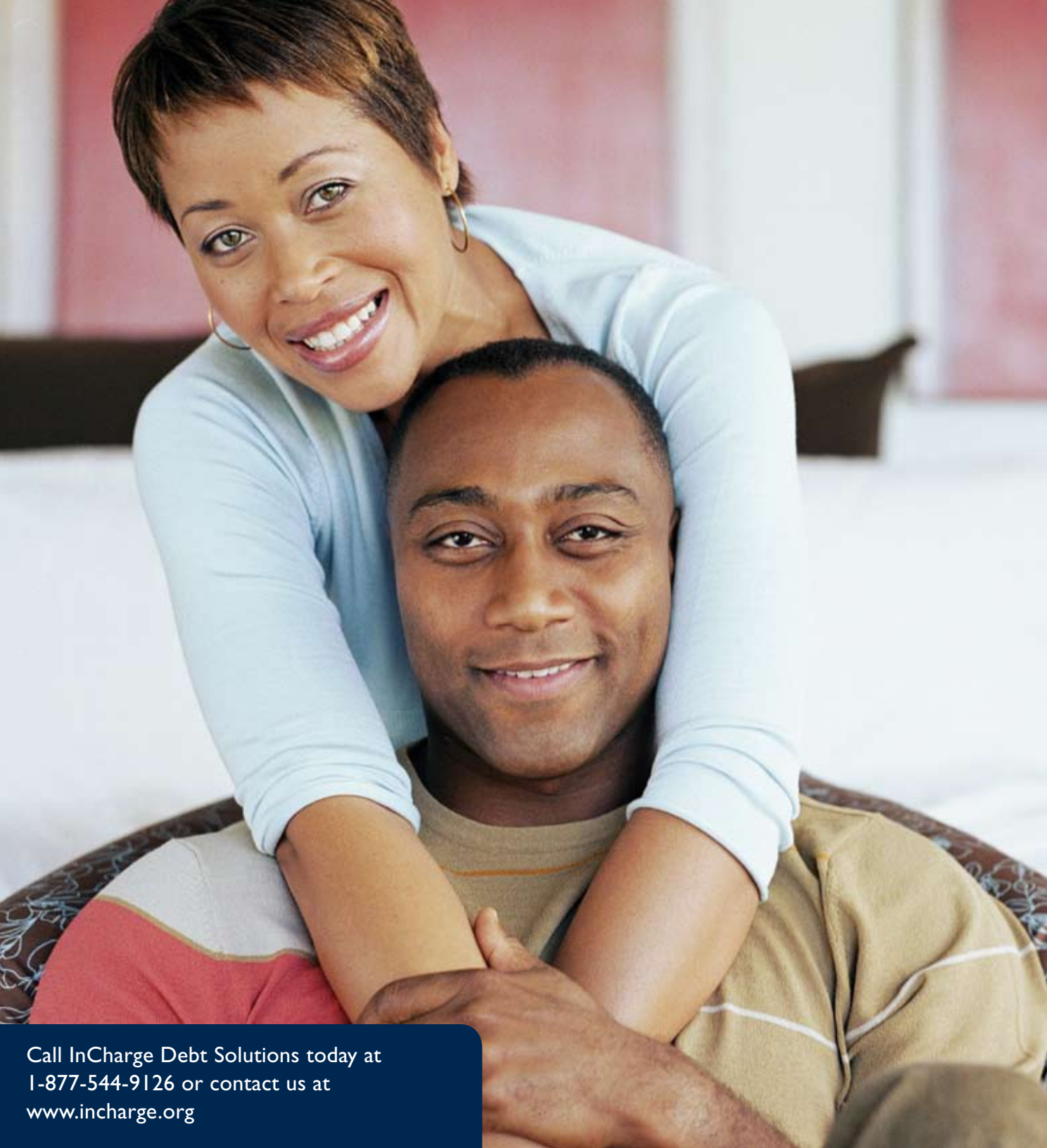
# yourmoney

*a guide to managing your credit and debt*

**Volume 6**  
Life After Debt



**INCHARGE®**  
DEBT SOLUTIONS



Call InCharge Debt Solutions today at  
1-877-544-9126 or contact us at  
[www.incharge.org](http://www.incharge.org)

# Life After Debt

You can do it. A life free from the burden of debt can be yours— with dedication and perseverance. And once you get there, you'll need some strategies and plans to keep you there. This issue of *Your Money* tackles topics that can help, including:

- What to expect once you're out of debt
- How to maintain your new financially sound lifestyle—and not fall back into debt
- A testimonial from a debt survivor

There is life after debt. Find out how to get there, and what to expect. There's no better time to start than now!

# Life After Debt:

## Make it a Reality

Imagine not having any credit card bills, department store credit card bills or personal loans. Think of the things you could do with the money you currently spend paying down this debt. It can really add up. For example, let's say you now pay \$400 to one creditor, \$275 to another, and \$150 to the bank, every month, all year long. That means you pay nearly \$10,000 a year in debt alone. Once these obligations are paid off, think of the money you'll have available—to do what you want with.

But to achieve life after debt, you need a plan. Throughout the Your Money series, we've addressed many useful topics that can help you down the road to a debt free life. Here's a recap of the major milestones:

### Step One:

Take inventory of your current financial situation. This includes evaluating your assets, adding up all your debt, and obtaining your credit reports so you know exactly where you stand financially. This way you can take a realistic look at how much you owe and determine the best way for you to handle your debt: a debt management program, debt consolidation and repayment through a home-equity-type loan, or bankruptcy. If you need assistance with finding out which option is best for you, give us a call at 1.877.544.9126.

### Step Two:

Establish a budget. This includes setting a monthly spending plan, and examining it to see where you can cut overspending. It also lets you see what amount you have left over after your bills have been paid, so you know how much you'll have to save and invest. Not seeing a surplus? Time to adjust your budget!

### Step Three:

Gain control of your financial life. From correcting bad spending habits to increasing your personal financial knowledge, you need to identify how you got into debt—so you can get out of it (and stay out.)

### Step Four:

Make money—and save money. Increase your paycheck potential by showing upper management you've got the right stuff. And know how to invest your money wisely, so it can grow for your future plans.

That leaves us with the final step: Stay out of debt. By spending, saving and acting wisely, and avoiding the lure of new debt, you can experience all the joys of a financially stable life. After all, it's your money.

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# Action Plan:

## How to Stay Out of Debt

Remember how easy it was to fall into debt? A few purchases here, a couple more credit cards there, and the next thing you knew you owed way more than you ever imagined you could. Once you get out of debt, don't let it happen again! Learn from your mistakes. You can change your financial habits and money management, if you're willing. Here are some words of wisdom:

### Old habits vs. new credit

Kick the credit card habit. Keep only one or two cards (with the lowest interest rates you can find) for emergencies, but pay for everything else with cash or checks.

Don't charge things you could pay for up front. Got a big ticket item in mind? Save up for it. And don't let discount offers lure you into opening credit accounts you don't need. Sure, you might save 10% on your purchase, but if you wind up paying interest, chances are, it will erase this small upfront savings. It's not worth it!

If you must charge something to a credit card, pay as much as you can toward the very next balance, not just the minimum. Better yet, use your debit card instead of a credit card. This way you can't run a balance or spend more than you have in your bank account, but you can still have the convenience of paying with plastic.

### Establish an emergency fund

If you haven't already, start an emergency fund for life's unexpected surprises. Remember, roofs eventually leak, clutches wear out, and pets get sick—and all it takes is one unplanned expenditure to throw your budget into a tailspin. Set aside whatever you can from each paycheck, then put it in an account you know you won't touch.

### Have a vision

Once you're done paying off debt, you'll have no excuse not to save for your retirement. Think Social Security is going to take care of you? Think again. Don't count on your S.S. benefits for an extravagant lifestyle. In fact, the average S.S. payment right now is only \$8,500 per year—are you prepared to live on that? If your employer offers a 401k plan, take advantage of it. Or start an Individual Retirement Fund (IRA) on your own—or do both. It's not difficult, and it will put some sparkle in your golden years.

### Not all debt is bad

Remember that some debt is essentially unavoidable. Very few people have the resources to pay for a car or house in full, so most of us must make payments. What you want to be sure of is that you don't saddle yourself with a loan that makes it so you have to borrow to pay your monthly bills. If you do take out any new loans, make sure you understand how much you are paying in interest. This way you'll better understand the total cost of the item, with interest included. The best strategy is to try to save up as much as possible. A substantial down payment on a car will save you a lot of money in the long run. Putting off large purchases for a few months to save up funds can often make a huge difference.

All of these strategies can help keep you from falling back into a debt trap. The most important things to remember are:

- Avoid new, unnecessary debt
- Save up for the unexpected
- Plan ahead so you're prepared for the future
- Take on new debt wisely, for the right reasons

*Good luck!*





# "I did it!"

## InCharge Clients Share Their Personal Triumphs

And you can too, with our help. At InCharge, we're happy to share "success stories", real-life accounts from people just like you who have made the difficult but rewarding journey from financial distress to financial success through their debt management programs. Just like the individuals you're about to discover, you can do it. And we're here to help, whenever and however we can. You too can become a success story!

### John B.

Financial trouble doesn't discriminate against those with a vast knowledge of their own finances and how to manage them. John had worked in the financial field for many years, and it was a divorce that escalated his situation to the point where he needed help.

When John and his wife finalized their divorce, he was left with the responsibility of repaying the more than \$8,000 in debt they had accumulated on three credit cards. With the constant monthly late fees and over the limit fees, John confessed, "I just never get caught up." He was honest enough to admit that he was consciously trying to resolve this situation on his own, but simply couldn't. Finally, he called one of his creditors directly to see if they could help him and that's when "they recommended us to you (InCharge)."

After being on the program, John is relieved knowing he has his finances under control once again. "The thing that you guys did that I couldn't do, is this—you were able to work with the credit companies to get the fees knocked down and the interest rates that I was paying down to where they were more workable." John states that his credit score has improved and advises anyone who is considering enrolling in a debt management program to do it as soon as possible. "Get into a debt consolidation program as soon as they (your creditors) recognize that there is a problem. Get the problem resolved and then don't allow it to happen again."

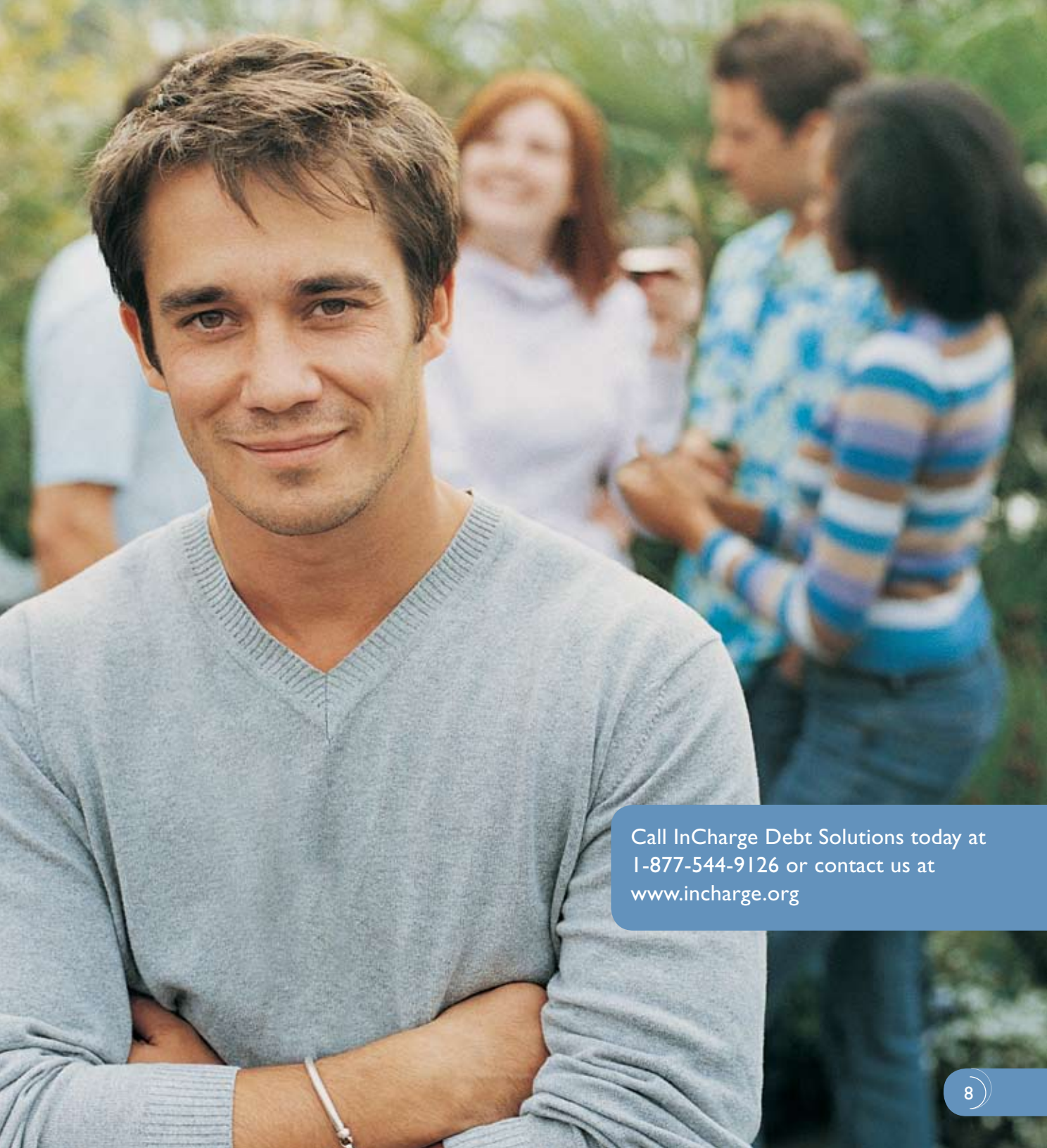
### Richard B.

Many credit card users are lured in by the free t-shirts and other novelties offered by credit card companies on college campuses—which is what happened to Richard. Ten years, four credit cards and about \$14,000 in debt later, Richard decided it was time to call InCharge.

Before Richard enrolled in the program, he consistently made the minimum payments on his credit cards. But when he got his first professional job, Richard decided that he was now going to begin paying off his credit card. However, even then, Richard felt he was unable to control the situation, "I had gotten behind on one (credit card) and (the credit card company) hit me with \$25 late and overdrawn fees every month. At one point they wanted \$600 as a minimum (payment)!" Despite his hesitation to enroll in a debt management program, Richard called InCharge to decide if this was the path he needed to take, "I didn't say 'yes' right away. I wanted to crunch the numbers and make sure it worked for me."

After being on the program, Richard learned a very important lesson, "It was the first time I was able to be on a budget. It was good to finally have everything set."





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# You Can Do It.

InCharge Institute is a national non-profit community organization specializing in personal finance education and credit counseling. The InCharge family includes the InCharge Education Foundation, which provides award-winning products and materials that support the personal financial literacy needs of consumers worldwide and InCharge Debt Solutions, which provides professional credit counseling and education services.



Now that you've explored some ways to turn your financial life around, it's time for you to take action. Aren't you ready to live a free from the burden of debt life, one without collection calls, debt anxiety, and overwhelming stress? All it takes is some knowledge and dedication—and the first step is setting a strategy and sticking to it.

We can help. InCharge Debt Solutions, a non-profit organization, manages the repayment of over half a billion dollars of consumer debt to the nation's creditors. However, we provide much more than debt repayment—we offer budgeting assistance, referral services, and “personal touch” counseling to consumers struggling with debt, plus ongoing support and correspondence.

Our debt management program is not a loan—it is a manageable repayment plan. Your creditors want you to continue to make payments. That's why they're willing to work with InCharge to make your monthly payments affordable while you work toward paying off your debt.

### Professional. Personal. Private.

At InCharge Debt Solutions, our professional, certified counselors work with each client to provide the personalized attention necessary to find a solution that meets their needs. As soon as you call, our partnership begins. If a debt management program (DMP) is recommended, you'll work with a certified credit counselor who will assess your financial situation and work one-on-one with you to develop a payment plan designed to fit your unique needs. This personalized approach is part of our commitment to your financial success that sets us apart from other credit counseling and debt management providers. All communications are completely confidential and discreet, ensuring you privacy and respect.

### Solutions-based approach.

We recognize that debt management programs are not the answer for everyone. For those we feel would not qualify for or benefit from a DMP, we offer financial counseling, which includes budget assistance, money management education and, if applicable, referrals to social service agencies or partners that can help with mortgage problems or student loans.

### Sound business practices.

InCharge is dedicated to providing the highest level of quality and operates under the most stringent of professional guidelines. As part of our commitment to excellence, InCharge undergoes independent audits, is certified under the ISO 9001:2000 standard, and is a member of the Association for Financial Counseling and Planning Education (AFCPE). InCharge is also a member of the Better Business Bureau.

### Payments you can manage.

Once you and your counselor establish your repayment schedule, you will be responsible for one affordable monthly payment to InCharge. We distribute your payment to each of your creditors—on time, every time. As soon as you begin to make consistent payments and show your creditors you are serious about getting out of debt, you'll receive benefits like:

- Reduced interest rates
- Waived late fees and over the limit fees
- No more collection calls

### Benefits that last a lifetime.

The benefits of InCharge Debt Solutions continue long after you enroll in our debt management program. Our counseling and educational services help you develop a long-term plan for managing your finances. Through our Web portal, [www.incharge.org](http://www.incharge.org), and through personal finance publications like *Next Step: A Monthly Guide to Reaching Your Financial Goals*, we address issues such as budgeting, managing cash flow, understanding credit reports, using credit effectively and avoiding bankruptcy. With our help, you won't just get out of debt—you'll have the tools you need to stay out of debt.

### One call is all it takes.

To get started, all you need to do is call us. Our counselors are ready to help you seven days a week, nationwide—call toll free: 1.877.544.9126