

## **Credit Card Debt**

Older consumers have traditionally had less credit card debt than younger ones, but elders are catching up according to AARP. The National Consumer Law Center (NCLC) notes that for those aged 65 – 69, credit card debt rose 217% from 1992 – 2001; the average credit card debt in 2003 was \$9000, according to AARP. Robert Manning, professor at Rochester Institute of Technology writes, “With stagnant retirement incomes and rising rent and medical costs, credit cards increasingly are becoming the financial glue of the crumbling social safety net of America’s senior citizens.” Older Americans are facing shrinking income & higher medical expenses at a time when credit card companies continue to offer “easy credit”. Americans have developed a “new attitude of ‘debt tolerance’ that obliterates budgets and savings.” [AARP Bulletin 3-03] Credit cards are now the norm in the supermarket, gas station and restaurant, making budgets and savings a thing of the past.

Credit card companies practice: aggressive solicitation; easy access to high cost credit; punitive fees; deceptive marketing; and abuses in debt collection. To avoid falling victim to these practices, it is vital that credit cards be viewed more as a checking account (payable right away) and less as a high interest loan. If you want a credit card for the convenience of not carrying large sums of cash or writing multiple checks, remember that you will be billed within weeks of making the purchase and will have to pay the bill or incur high interest. The MA Office of Consumer Affairs says a credit card balance of \$1,000 will take 144 months (12 years) to pay off if you pay only the minimum payment of \$25 required each month at 17 percent interest. By only paying the minimum, you will pay, \$979.14 in interest to borrow \$1000, nearly doubling the amount you owe. Make sure you only buy what you can afford and try your best to pay as much as you can. If you have questions about credit cards and other consumer matters, you can call the Hotline of the Commonwealth of Massachusetts Office of Consumer Affairs at 617-973-8787 or 888-282-3757.

If you have over-extended yourself and have debts, you may need to find a way to “dig out of the hole” (AARP). First step is to cut up the credit cards. Next you may try to negotiate a payment plan directly with creditor. Or Consumer Credit Counseling Service of MA – Money Management International [1-800-308-2227] may be able to help by consolidating your debt, negotiating lower costs and working out a payment plan to suit your budget. There will be fees for this service derived from the individual’s financial situation. These fees may be waived.

The Federal Trade Commission reminds us that every consumer has the right to a free annual credit report from each of the three nationwide consumer reporting companies – Equifax, Experian, and TransUnion. Consumers can order reports online at [www.annualcreditreport.com](http://www.annualcreditreport.com), or by calling toll-free at 1-877-322-8228, or by mailing a completed Annual Credit Report Request Form (available at [www.ftc.gov](http://www.ftc.gov)) to Annual - Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. As more consumers learn entitling every US citizen to obtain a free copy of their credit report each year, requests are up, but so is the number of bogus websites. There are now an estimated 233 imposter domains with almost identical spellings as the domain of the only official website.

Remember, prevention of debt is the best approach.