

FINANCIAL PLANNING

Throughout Your Lifetime...

GETTING OUT OF DEBT: A SELF-HELP GUIDE

If your financial situation seems out of control because of overuse of credit, there are steps that you can take to improve the situation. First you have to admit that you have financial problems and that you really want to solve those problems. Getting out of financial trouble is not easy. You have to be willing to discipline yourself to pay back the money you borrowed.

SELF-HELP STEPS FOR OVERUSERS OF CREDIT

1. If debt repayment requires more than 20 percent of your disposable income, you should be taking steps to reduce your credit use.
2. Talk with family members about the situation. The family needs to agree to put a lid on spending until they are out of this financial trouble. This may mean closing charge accounts and not using credit cards.
3. Do not carry your credit cards with you, leave them at home. If you want to use them you will have to go home and then return to the store. If it is a necessary purchase, then you will have access to the credit. If it is an impulse purchase, you have the travel time back home to reconsider.
4. Do not ask for credit limit increases. This is a quick fix that may create disaster in the long run.
5. Do not use credit for consumable items such as food if you do not pay your balance in full each month.
6. Beware of loan consolidation. Most consumer finance companies that offer this service charge very high interest rates.
7. Contact creditor(s) and explain the situation. A plan may be worked out so that obligations can be repaid on a revised repayment schedule.
8. Help may be available from a consumer credit counseling service (if there is one in the area), a financial institution that provides such help, or an educational organization such as the Cooperative Extension Service.

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DO NOT IGNORE YOUR DEBTS

Many people just ignore debts when they experience financial difficulty. Some fear contacting their creditors. There are severe consequences of not paying bills.

Ignoring debts will affect your credit rating. In addition, creditors may take action against you in an effort to collect payments. Or, your bill can be turned over to a debt collector. Your property can be repossessed. You may be forced into bankruptcy.

If you have more bills than your monthly income can cover, set up a debt repayment plan. It will work if you really want to get out of debt. You have to admit that you have financial problems and are serious about solving those problems.

Getting out of financial trouble is not easy. You have to make up your mind that you will pay your debts within a specified length of time. You have to be willing to discipline yourself to pay back the money you borrowed. You need to start right now. Paying a little back is better than doing nothing or just worrying about the problem. Doing this will give you a sense of control. It will start you on your way to solving your financial problems. Completing this plan will take time and patience. You will have to stick with it until all of your debts are paid. To set up a debt repayment plan, follow these steps:

1. Gather all available financial records, especially important are pay stubs, W-2 forms, bank statements, loan contracts, payment books, and credit statements.
2. Determine income (Complete Work Sheet A page 6)
3. Analyze deductions from gross pay (Complete Work Sheet B page 7)
4. Determine monthly living expenses (Complete Work Sheet C pages 8-9)
5. Analyze debts owed (Complete Work Sheet D page 10)
6. Evaluate financial situation and develop a plan (Complete Work Sheet E page 12).

Remember: Income = Living Expenses + Debt Repayment + Savings

Gross monthly income	(Work Sheet A)	\$ _____
Monthly deductions from income	(Work Sheet B)	- \$ _____
Monthly living expenses	(Work Sheet C)	- \$ _____
Monthly debt repayment	(Work Sheet D)	- \$ _____
		= \$ _____ *

* A positive number represents the extra amount that is available monthly to repay debts (Work Sheet E). Consider using the PowerPay computer program described on page 15.

* A negative number indicates that you must adjust either income or expenses to balance your budget. If, after increasing income and reducing expenses, there is still not enough money to make the minimum monthly payments on debts, a debt reduction plan must be developed (Work Sheet E).

DEVELOPING A DEBT REPAYMENT PLAN

By now, you should have a clear picture of how much money you can manage to pay on your debts each month. The next step is to decide how much you will pay each creditor and how long it will take to completely repay each creditor. Try to set up your plan so that you pay your creditors back within 3 years.

To set up a debt repayment plan, follow these steps:

- 1. Decide how much you can pay back and when you can pay it back.**
- 2. Set up a plan for paying back your debts.**
- 3. Discuss your plan with your creditors.**
- 4. Control your spending by following your plan until debts are repaid.**
- 5. Occasionally, look over your plan to see if you are keeping up with your debts and your daily living expenses. If there is a change in your income, you need to raise or lower your monthly payments accordingly. Be sure to discuss changes, especially lower payments, with your creditors.**

The actual debt repayment plan may take several forms. You may choose to give each creditor an equal amount. Or you may choose to pay a larger portion to the creditors you owe the most money, and a smaller amount to the creditors you owe the least money. The amount paid to each creditor is confidential. Each creditor does not have to know the amount other creditors are being paid.

SETTING PRIORITIES

If there is not enough money to make payments on all loans, prioritize your debts. Debts you should pay first include mortgage or rent, utilities, secured loans (such as car loans), and insurance. Second priorities may include credit cards and debts to finance companies (if these are unsecured debts). Some examples of third priorities are doctor, dentist, and hospital bills. Family members and friends are usually willing to wait the longest.

If a creditor is threatening to repossess essential property or is beginning legal action, you should pay something on that debt immediately. A loan company can repossess your vehicle, whereas a doctor cannot take back services rendered. If there is not enough money to pay both bills, pay the loan company first, so you can keep your automobile. Put the doctor's bills on hold temporarily, but notify the doctor of your plans and your intention to pay.

Use Work Sheet E to set up your debt repayment plan. Write down the creditor's name in the first column. Write down the total amount owed in the second column, the annual percentage rate (APR) of interest in the third column, and the amount of the original monthly payment in the fourth column. Decide if you will pay back the creditors by proportions, in equal amounts, or according to what will happen if you do not pay. Write down the dollar amount you can pay each creditor each month in the fifth column.

Completing this plan will take patience. You will have to stick with it until all of your debts are paid. A debt repayment plan will work if you really want to get out of debt, but you need to start getting out of debt right now. Paying a little back is better than doing nothing or just worrying about the problem. Paying back a small amount will give you a sense of control. It will start you on your way to solving your financial problems.

INFORM YOUR CREDITORS

Once you have worked out a plan, do not use your credit cards and do not take out any more loans. Contact each creditor and explain the debt repayment plan. Go visit each creditor. If you cannot visit your creditor, call or write a letter. A sample letter to a creditor is included in this publication (Appendix A). Change the facts to fit your situation. Do not send the letter unless you intend to follow through with the repayment plan. Remember, creditors would rather receive a small payment than nothing at all. They also prefer to have the money and not repossess the items you purchased.

Use the format of the sample letter to write to each of your creditors. Explain to each creditor that you do not have the money to pay back the minimum payment that is specified on the monthly statement. Be prepared to provide the following information to each creditor:

- Why you fell behind in your payments - loss of a job, illness, divorce, death in the family, and/or poor money management skills.
- Your current income.
- Your other obligations.
- How you plan to bring this debt up to date and keep it current.
- The exact amount you will be able to pay back each month.

Be honest and tell the whole situation. If you tell a creditor that you only owe two companies, but you really owe twenty, you could have problems later. If possible, enclose a small payment with each letter to emphasize your commitment to repay the debt.

If you fail to follow the plan that you and your creditors have agreed upon, you will harm your chances of getting future credit. Tell your creditors about any changes that may affect your payment agreement.

Do not wait for creditors to contact you. Call the creditors before bills are due. They will be much more likely to work with you. Creditors might not accept a debt repayment plan that you develop and implement yourself. They may only be willing to work through a third-party financial counselor.

CREDIT COUNSELING SERVICES

Sometimes it does not seem possible to manage the problem of being overextended financially. If you are unable to solve your financial problems alone, counseling services can help you set up a budget and debt repayment plan. Nonprofit financial counseling agencies charge little, if anything, for their services. Military bases and industries often employ people who can help you manage your debts. Housing authorities, credit unions, universities, and the Cooperative Extension Service sometimes provide financial counseling. **If you seek help from a debt counseling agency that charges a fee for their help, check the company out with the Better Business Bureau or Department of Consumer Affairs before paying any money. Some fraudulent companies charge very high fees and disappear before providing a service to debtors. In many cases, creditors refuse to accept debt repayments from these companies.**

CONSUMER CREDIT COUNSELING SERVICES

The Consumer Credit Counseling Service (CCCS) helps individuals or families with serious financial problems through budget planning, money management, and planned debt reduction. CCCS is a local nonprofit organization affiliated with the National Foundation for Consumer Credit, Inc. CCCS is not a lending institution or charity organization. It is supported by contributions from banks, consumer finance companies, credit unions, merchants, and other community-minded firms and individuals.

Anyone overburdened by credit obligations can phone, write, or visit a CCCS office. Or they may be referred to a CCCS office by a creditor, a member of the clergy, a legal aid society, the Red Cross, a social service representative, or a county Extension agent. CCCS requires that you complete an application for credit counseling. CCCS will arrange an appointment with a counselor for you.

In South Carolina, Consumer Credit Counseling is offered through Family Service Centers located in the following areas:

Family Service Center Midlands Regional Office P.O. Box 7876 1800 Main Street Columbia, SC 29202 800-223-9213 803-929-6666	Consumer Credit Counseling Service Compass of Carolina 1100 Rutherford Road Greenville, SC 29609 800-203-9692 864-467-3434	Family Service Center CCCS 4925 LaCross Road Suite 215 North Charleston, SC 29406 800-232-6489 843-744-1348
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Services are currently being extended through satellite offices of the above-mentioned offices or through other offices affiliated with the National Consumer Credit Counseling Services at Aiken, Anderson, Barnwell, Conway, Florence, Fort Jackson, Georgetown, Goose Creek, Greenwood, Moncks Corner, Orangeburg, Rock Hill, Spartanburg, Summerville, and Sumter. A call to any of the toll-free numbers above will put you in touch with the office most convenient to your location. For further information, visit the National Foundation for Credit Counseling web site at: <http://www.nfcc.org> and search for location by city or state.

A counselor will review your application. The counselor is qualified to prepare a budget plan that will be given to you and your creditors for approval. The budget plan will outline exactly how each debt will be repaid. The plan usually is all that is required unless there is an emergency or a change in your financial situation. You can return to the counseling service at any time for further advice.

The counseling service is free. However, when the service prepares a debt repayment plan for you, a nominal fee may be charged to help with administrative costs. Local businesses pay the counseling service a fee for collecting the debts clients owe them. For example, if the CCCS counselor collects \$20 to pay a debt owed to a bank, the bank pays CCCS a sum (such as \$3) for collecting the debt.

SUMMARY

When your debts are high and your monthly income is not enough to cover the payments, there are ways to solve your problem. Develop a personalized debt repayment plan. If you need assistance to set up the plan or if your creditors are not willing to work with you, contact a financial counselor at one of the counseling services.

If you owe a large amount of money and your creditors will not accept reduced payments, then you may have to consider loan consolidation. Loan consolidation is a loan that will enable you to pay off all of your creditors. Then you will just have one new creditor. This single payment must be manageable in your budget and the interest rate charged must be reasonable. The PowerPay computer program (page 15) will help you analyze this option.

Another way of settling your debts is by court provisions through bankruptcy. Your debts will be settled by selling your assets when filing Chapter 7 Bankruptcy. Under Chapter 13 Bankruptcy, the wage-earner's plan, you may keep your assets while paying back your debts over a designated period of time.

The road to financial recovery takes a total commitment. You have to decide that you want to be debt-free. Then you have to discipline yourself to take the necessary action to pay back your debts. Only you can determine if you are willing to make the sacrifices it takes to achieve this goal.

DETERMINE GROSS MONTHLY INCOME

WORK SHEET A

Amount

	Per Week		Bi-Weekly		Per Month		Per Year	
	gross	net	gross	net	gross	net	gross	net
Pay Check #1								
Pay Check #2								
Pay Check #3								
Pay Check #4								
Tips								
Commission								
Interest								
Dividends								
Gifts								
Annuities								
Social Security								
Retirement Benefits								
Child Support								
Alimony								
Public Assistance								
Veterans Benefits								
Income Tax Refunds								
Unemployment Compensation								
Rental Income								
Other								
TOTALS								

Total Gross Income from All Sources = \$ _____ divided by 12 = \$ _____ Gross Monthly Income

NOTES:

If your income is inadequate, try to increase the money coming into the household. An extra paycheck will help maintain your present lifestyle while you pay back your debts. However, additional money will not cure poor management habits. Here are some ways to add extra dollars to your budget.

- If a family earner is disabled, disability insurance payments or worker's compensation may be a temporary solution for increasing income.
- If an earner is laid-off or displaced, unemployment insurance should be investigated.
- Take a second job or work overtime to get through the financial crisis.
- Nonworking family members could find jobs to help increase family income.

DETERMINE MONTHLY DEDUCTIONS FROM INCOME

WORK SHEET B

	Paycheck #1	Paycheck #2	Paycheck #3	Paycheck #4
	Amount	Amount	Amount	Amount
Gross Income	\$	\$	\$	\$
Deductions:	\$ %	\$ %	\$ %	\$ %
Federal Taxes				
State Taxes				
Social Security (FICA)				
Retirement Plan #1				
Plan #2				
Plan #3				
Health Insurance				
Accident Insurance				
Disability Insurance				
Life Insurance				
Other				
Savings				
Credit Union				
Donations				
Union Dues				
Uniforms				

Total Gross Income from All Sources = \$ _____
Total Deductions = \$ _____
Total Gross Income - Total Deductions = **Net Income (Take Home Pay)**
 \$ _____ - \$ _____ = \$ _____

To find out what percentage (%) of total gross income is used for deductions, divide your deductions by total gross income and multiply by 100.

For example, if your total deductions are \$529.85 and your gross income is \$1541.67, then 34.4 percent of your income goes for deductions and you get to keep 65.6 percent or \$1011.82 to spend.

$$\frac{\text{Total Deductions}}{\text{Gross Income}} = \frac{\$529.85}{\$1541.67} = .344 \times 100 = 34.4\%$$

$$\frac{\text{Net Income}}{\text{Gross Income}} = \frac{\$1011.82}{\$1541.67} = .656 \times 100 = 65.6\%$$

NOTES:

Do you have too much federal income tax withheld from your paychecks so that you receive a large income tax refund? It is best to try to match withholding with tax owed as closely as possible to avoid giving the government interest-free use of your money during the year. If applicable, decrease withholding and use the extra money to repay debts.

Do you have a savings account or stocks and bonds you could cash in to help pay off your debts? Only use Individual Retirement Account (IRA) money or other retirement funds as a last resort as there is a 10% penalty plus income taxes if you withdraw before age 59 1/2. Could you borrow against retirement funds?

Can you reduce or eliminate donations you currently have deducted from your pay?

WORK SHEET C

MONTHLY LIVING EXPENSES

	Week 1	Week 2	Week 3	Week 4	Total for One Month	Total for One Year
Housing						
Mortgage payment or rent _____						
Insurance _____						
Utilities _____						
Gas _____						
Electricity _____						
Water & sewage _____						
Telephone (basic service) (long distance) _____						
Trash collection _____						
Furnishings & equipment _____						
Maintenance & repair _____						
Property taxes/insurance _____						
Household help _____						
Food						
Groceries _____						
Groceries (non-food items) _____						
Meals eaten out/snacks _____						
School lunches _____						
Transportation						
Car payment _____						
Car payment _____						
Gasoline/oil _____						
Insurance _____						
Licenses/registration fees/taxes _____						
Maintenance & repairs _____						
Parking & tolls _____						
Rental, taxi, bus, car pool _____						
Clothing						
Purchases _____						
Cleaning & laundry _____						
Alterations & repairs _____						
Medical						
Insurance _____						
Drugs & medicine _____						
Hospital _____						
Doctor _____						
Dentist _____						
Eye Care _____						
Life/Disability Insurance _____						
Child Care						
Child care/nursery school _____						
Personal						
Books, magazines, newspapers _____						
Tuition, course fees _____						
Barber, hairdresser _____						
Toiletries & cosmetics _____						
Postage, stationery _____						
Allowances _____						

MONTHLY LIVING EXPENSES

	Week 1	Week 2	Week 3	Week 4	Total for One Month	Total for One Year
Recreation and Entertainment						
Movies, plays, concerts, videos						
Cable television						
Hobbies/club dues						
Alcoholic beverages						
Tobacco						
Sporting goods/events						
Vacation						
Gifts and Contributions						
Donations/charities						
Birthdays						
Holidays						
All other						
Savings/Investments/Emergency Fund						
Monthly Installments						
Department stores						
Bank charge cards						
Oil companies						
Loans						
Other						
Miscellaneous						
Alimony, support payments						
Union/professional dues						

Total Monthly Living Expenses						

NOTES:

Keep a record of your current living expenses for a month. Look for ways to reduce your expenses and use the extra money to pay back your debts.

It is very important to add an emergency fund category to your budget. It is impossible to predict all living expenses. An emergency fund provides a safety net for payment of unexpected expenses. Using credit on these occasions adds to overindebtedness.

Evaluate insurance coverage and comparison shop with at least three different insurers when a policy is due for renewal. There may be as much as a 60 percent difference in premiums for the exact same coverage.

Examine the telephone bill to determine amount spent on long distance calls. Reduce number of calls, make calls during lowest rate periods, and limit the length of conversations.

Plan purchases, do not just “go shopping” until you find something to buy. Take advantage of seasonal sales.

Remove the temptation of making impulse purchases by carrying less cash and leaving checkbook and credit cards at home.

Plan ahead for irregular expenses such as insurance, car licenses, and gifts. Save one-twelfth of the annual cost of these items each month. The money will be available when each bill is due.

Cut down on flexible expenses such as eating out, entertaining, recreation, and donations. Pack lunches and snacks, arrange “pot-luck” dinners with friends instead of going to a restaurant.

Develop personal talents or skills to reduce expenses. For example, learn to wallpaper and paint your house. This service will save your family money and, by providing this service to others, you could increase family income. You also could trade your skills for a neighbor’s skills, for example provide child care in your home in exchange for automobile repair services.

Involve family members in the plan to cut living expenses. It is very difficult for everyone to go along with a new plan for spending the family money if they do not understand why it is necessary. If each family member has an opportunity to participate in cutting expenses and making the new plan, they are more willing to make the new plan work.

WORK SHEET D

¹ Collateral is property such as your home, car, land, jewelry, or other assets you own that are used to secure a debt.

² Examples of legal action that could be taken are a summons (written notification requiring debtor to appear in court) and repossession (the creditor takes possession of the property you used as collateral for the loan). If you financed a car, it is likely that the car itself would be the collateral.

NOTES:

Paying the lowest annual percentage rate (APR) for interest on all debt is very important. The dollars spent for interest charges might be better used for repaying the principal. Shop for a credit card with the lowest APR and lowest annual fee. Pay off high-interest charge accounts with a lower-interest loan from a bank, savings and loan association, or credit union.

Consider selling assets. What assets do you own? Do you have a television, furniture, stereo, car, jewelry, or antiques that you could sell? Use the money to repay debts.

Could you cash in or borrow against the cash value of your life insurance policy? Consider the interest rate on monies borrowed from this source. Do not borrow money at a higher interest rate to pay back loans with a lower rate.

Refinancing a home and home equity credit line loans are a source of funds homeowners may use to repay other debts. Borrowing against your home can have devastating effects if you do not manage wisely. Continued abuse of credit can result in the loss of your home.

Loan consolidation is a way to avoid repossession or legal action. Loan consolidation requires a new loan that is used to repay all current loans. The debtor then has only one loan to repay. However, loan consolidation should be used with caution. While it may reduce the amount of your monthly debt repayment, the cost of borrowing money for this purpose is generally increased because of the higher interest rate charged. Only use this option to pay your debts if you can borrow the money at a lower annual interest rate than the rate currently paid on loans.

Remember: refinancing, home equity credit line loans, and loan consolidation generally do not improve poor money management habits and the reduced monthly payment may encourage you to acquire more debts.

WORK SHEET E

NOTES:

This work sheet should be used to develop a debt repayment plan. There are two different ways to utilize the form.

Plan One

If there is sufficient income to repay more than the minimum monthly payment required on all debts follow these steps:

1. Transfer all debts from Work Sheet D onto this work sheet. Prioritize the debts (refer to “Setting Priorities” section of this publication on page 3) listing the debts from lowest priority of repayment to highest priority. If there are not reasons for repaying certain debts before others, list the debts from lowest annual percentage rate to highest annual percentage rate. Debts at the bottom of the list will be the debts that are repaid first.
2. Complete the amount owed and minimum monthly payments in the appropriate columns. Add the extra amount that was determined to be available for debt repayment to the monthly payment of the debt that is last on the list. This is the adjusted monthly payment for that debt.
3. Continue to make all payments including the larger payment on the last debt until the last debt is completely repaid.
4. The next month after the last debt on the list has been repaid, add the total monthly amount that was paid on that debt to the payment on the debt listed above it. This becomes the new adjusted payment for that debt.
5. Repayment will be slower at first, but after the first few debts have been completely repaid, very large monthly payments can be made on remaining debt. This process will result in a debt-free financial situation. When all debts have been repaid, the total amount of money that was tied up in debt repayment can be used to save for financial goals, such as funding a child’s education or a secure personal retirement.
6. As you proceed through this repayment plan, if you receive unexpected money from a raise, bonuses, commissions, gifts, tax refunds, and the like, apply the total amount to the last debt on the list. This will speed your progress toward a debt-free financial situation. You might consider using the PowerPay computer program (page 15) to create a debt repayment plan.

Plan Two

If there is not enough income to pay even the minimum monthly payment on all debts, a debt repayment plan must be developed and approved by creditors. Use the following steps to create this plan:

1. Transfer all debts from Work Sheet D onto this work sheet. Prioritize the debts (refer to “Setting Priorities” section of this publication on page 3) listing the debts from lowest priority of repayment to highest priority. If there are not reasons for repaying certain debts before others, list the debts from lowest annual percentage rate to highest annual percentage rate. Debts at the bottom of the list will be the debts that are repaid first.
2. Decide how much will be repaid to each creditor each month.
3. Discuss your plan with each of your creditors.
4. Control your budget and stick with your plan until debts are repaid.
5. The next month after the last debt on the list has been repaid, add the total monthly amount that was paid on that debt to the payment on the debt listed above it. This becomes the new adjusted payment for that debt.
6. Repayment will be slower at first, but after the first few debts have been completely repaid, very large monthly payments can be made on remaining debt. This process will result in a debt-free financial situation. When all debts have been repaid, the total amount of money that was tied up in debt repayment can be used to save for financial goals, such as funding a child’s education or a secure personal retirement.
7. As you proceed through this repayment plan, if you receive unexpected money from a raise, bonuses, commissions, gifts, tax refunds, and the like, apply the total amount to the last debt on the list. This will speed your progress toward a debt-free financial situation.

APPENDIX A

SAMPLE LETTER

Street address
Your city, state, zip
Date

XYZ Company
Street address
City, state, zip

Attention: Delinquent Account Representative

Subject: Your name
Your account number

Dear Sir or Madam:

This letter is to inform you that I am experiencing financial difficulties. I am having trouble making my minimum monthly payment because of a recent divorce and job change to a lower salary. I hope we will be able to agree on an acceptable debt repayment plan.

I have evaluated my financial situation. I have prepared a realistic, minimum budget for my living expenses and have developed a debt repayment program. I am asking each of my creditors to accept a reduced payment. Amounts will be increased as soon as possible until the debt is totally repaid.

I owe 18 creditors over \$7,500. My asset value is less than \$3,000. My only assets are a car with a blue book value of \$1,000, some home furnishings worth \$1,500, and my clothing. My monthly take-home pay is \$708. I have \$242 left over for debt repayment after basic living expenses. I would like you to accept a partial payment of \$50 per month for 34 months, which will repay my obligation. To show my sincerity, I have enclosed a check for \$10 to be applied to the balance I owe you. You may expect the first payment in my debt repayment plan on (month, day, year).

Thank you.

Sincerely,

Your signature

POWERPAY COMPUTER PROGRAM

The PowerPay computer program is an easy-to-use educational tool that allows consumers and financial advisors to quickly show the impact of power payments in individualized consumer debt situations. It is important to note that PowerPay is most helpful to people who are able to meet the minimum monthly payments on all debts. It is even more helpful to debtors who have a little extra each month to devote to debt repayment.

PowerPay first calculates what the repayment time and interest costs will be if the consumer continues making payments at current levels. It is shocking for most consumers to see the interest costs and the length of time it takes to repay debts, especially if they are making only the minimum required payments.

Next, PowerPay calculates the possible savings by using power payments in three situations: 1) paying off creditors with the highest interest rate first, 2) paying off creditors with the lowest balance first, or 3) paying off creditors with the shortest term first.

PowerPay can also accommodate customized repayment plans such as paying off a relative first or adding an optional monthly payment should extra funds become available. All this information is available on printouts and can involve as many as 30 creditors. Printouts include:

- projected interest costs and repayment time for each creditor without power payments,
- repayment order and costs in time and interest for each creditor using power payments,
- projected savings in time and money, and
- a debt reduction calendar outlining month by month exactly how much is paid to each creditor.

PowerPay also has a debt consolidation feature that allows a consumer to analyze the financial costs of a debt consolidation loan. The consumer needs to decide which debts are to be consolidated and know the set-up costs, interest rate, and monthly payments of the new loan before using PowerPay.

Each County Extension office has the PowerPay computer program. After you have completed Work Sheet D, telephone the local office to make an appointment for an agent to work with you on the PowerPay program.

Adapted for use in South Carolina by Nancy M. Porter, Extension Family Resource Management Specialist, from material she originally prepared for the Virginia Cooperative Extension Service. Publication was reviewed by Kat Quattlebaum, former Director of the Columbia Consumer Credit Counseling Service, and Joyce H. Christenbury, Linda L. Russell, Marty C. Wilson, and Ann B. Yelton of the Clemson Cooperative Extension Service.

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