

For additional details, contact:

Amy Lewis
Strategy Communications
Phone: 619-713-0622 (office) / 858-752-1085 (mobile)
E-mail: amy@scpublicrelations.com



PRESS RELEASE

DEBT ADDICTED CULTURE

Learn How to Swim Through that Ocean of Debt

SAN DIEGO, July 7, 2008 – Ladies and gentlemen, it’s crunch time! This is not a drill! The time has come to face the reality...of our debt. Before you turn out the lights and crawl under your bed, take a look at the bright side: the whole country is in debt. So, there it is. You are not alone. If that note isn’t bright enough for you, consider this: if there is a way of getting into debt, there is a way of getting out of it.

It’s no big secret that Americans are consumers. We like to buy things, but the problems arise when we don’t make as much as we spend. On a national scale, America has imported more products than it has exported, leading to the current trade deficit. On a personal scale, Americans “charge it.” Yes, that little plastic friend that helped us buy so many shiny new toys has turned into a big, ugly foe, sticking us with a nasty-looking, monstrous bill. According to the Consumer Federation of America, it is estimated that the credit card debt is about \$850 billion, which is four times more than it was in 1990. Combine that amount with \$1.5 trillion in auto loans and stagnant wages, and we’ve got the perfect recipe for a recession.

Debt-Free America's certified credit counselors can help you figure out a solution to getting out of debt and easing your financial stress.

It’s not too late to manage your debt-related problems and begin your journey towards a healthy financial future.

Avoid Debt in the First Place

Don’t spend more than you make! Although this is a preemptive approach, it’s a good idea to always keep in mind. Now that Americans are unable to refinance their mortgage, we have turned to home-equity debt and credit cards instead. Make sure the things you spend money on, are necessities. Average balances on home-equity lines rose 8% in the first quarter of 2008 from the first quarter a year earlier, according to Moody’s Economy.com. Average balances on credit cards were up almost 10% in the first quarter.

Prioritize Purchases

Think about your purchase. Is a 72 inch flat screen T.V. just as good as an 80 inch? Is this item even necessary right now? If it is, consider shopping around for different deals and options, you will be surprised to find out how much you can save by purchasing the number two brand in the nation as opposed to the number one brand.

Keep up with your Credit Cards

When you use your credit card for those big buys, make sure to stay current with your monthly payments. If you get a chance to do so, pay-off the bill! Those double digit interest rates are costing you a lot of money, and provide the perfect opportunity to get lost in a whirl-wind of debt.

The Importance of Budgeting

Budgeting your money will help you to always know where your money is going. If you develop a plan and stick to it, you will be less likely to find yourself charging your gas at the end of the month due to overspending. Here is the breakdown of an ideal budget:

- Housing costs – 35%: Mortgage/rent, taxes, utilities, insurance
- Transportation costs – 15%: Car payments, gas, insurance, repairs, parking, etc.
- Debt payments – 15%: Student loans, credit cards, personal loans
- Other living expenses – 25%: Eating out, vacations, entertainment, clothes, medical expenses
- Savings – 10%: Retirement planning, emergency fund, investments

What Is Good Credit?

Good credit equals more opportunities in life. Maintaining good credit will allow you to afford cars, a home, etc., because when you show you are responsible, you are rewarded by receiving trust from lenders, and therefore better interest rates and more opportunities.

A good credit score is approximately 700 and above (maximum is 850), and credit scores are mathematical equations created out of the information in your report, like whether you have made delinquent payments. Credit scores are made up of: 35% payment history, 30% amounts owed, 15% length of history, 10% new credit, 10% types of credit. Given these factors, maintaining consistent payments is paramount, and not maxing out your credit cards is also important. Everyone should have a credit card but if, and only if, it is used to build credit, and not as extra income.

Ask for Help

Debt is not something you should be ashamed of and neither is asking for help. There are professionals ready to assist you in your time of need. There is no need for you or your family to suffer because of something as trivial as finances.

Debt-Free America is a 501(c)3 non-profit, community service organization offering confidential and professional credit counseling, debt management programs, and financial education to consumers nationwide. Debt-Free America is dedicated to providing FREE services to help financially distressed families and individuals effectively manage their personal finances. The Board members and operations staff have a long-term commitment to helping anyone in debt crisis, and even those not in a debt crisis. Debt-Free America has been in the business since 1997 and is now serving over 16,000 clients nationwide. Visit them on the web at www.debtfreeamerica.com.

###