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Managing Debt

It is difficult to enjoy life without building some kind of debt. But it is important to know how to use credit responsibly and to have a plan for paying down your debts.

A Debt-driven Society

The average consumer has eight to 10 credit cards. Experts recommend not owing more than 30 percent of your gross income on credit cards and not exceeding 50 percent of your gross income for your total credit card lines, yet many exceed these recommended limits.

Tips for Reducing Debt

- Develop a budget and savings plan.
- Make cuts in your lifestyle.
- Pay off a loan balance with the highest rate first.
- Stop using your charge cards.
- Consider filing for bankruptcy.
- Get help. Enlist the services of a lawyer or financial counselor.

Erasing Bad Credit

Getting out of debt may be the biggest step you can take toward financial freedom, but it is not always the last step. You also may need to improve your credit rating. Here's how:

- Request a copy of your credit report.
- Review the reports carefully for errors.
- Dispute any inaccuracies. The law allows you to attach a 100-word statement to your credit report explaining any special circumstances affecting a delinquent or unpaid account.
- Establish a new, healthy credit history. Open up a savings account and a secured credit card. Make a few reasonable purchases and pay off the entire balance immediately.

By eliminating your debt and repairing your credit history you'll have the freedom to control your financial affairs.

Additional Information

This information is brought to you by ComPsych®. This company-sponsored benefit offers confidential help and support 24 hours a day, 7 days per week, at no cost to you or your immediate family. Our GuidanceConsultants℠ can assist you with your concerns at: **888.275.1205 Option 7**
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