



Learn the Differences Between Debt Settlement, Debt Management and Bankruptcy

If you're struggling with credit card debt, knowing where to turn for help can be confusing. The key to success is making an informed decision.

GreenPath recently developed an infographic to help consumers understand positives and negatives of three of the most popular debt solutions: debt settlement, credit counseling / debt management, and bankruptcy.

"There are so many commercials, blogs, ads and news stories promoting services to eliminate credit card debt," said **Jane McNamara**, GreenPath president & CEO. "It can be overwhelming and hard to understand which option is best for you."

People often choose options based on advertisements or advice from family or friends. For example, you may have heard good things about credit counseling, but you have friends that filed for bankruptcy. And those debt relief commercials sound so tempting.

There is no perfect solution to get out of debt --- each option has pros and cons. "It's easy to get into debt, but much harder to get out," said McNamara. "There are no silver bullets."

The GreenPath infographic highlights three paths:

Debt settlement – Attorneys or debt settlement companies may be able to settle debts for less than the full balance. This may be a viable option, if you have a lot of debt that has already been written off by your creditors as uncollectible. It also could be worth considering if you have access to a lump sum to make a large settlement payment. However, if your debt is current or less than 180 days delinquent, withholding debt payments to save for a settlement can seriously damage your credit and can potentially result in legal action. Fees are typically based on the amount settled, and consumers are usually required to pay taxes on the amount forgiven.

Credit counseling / debt management – Counseling is typically offered by a non-profit organization free of charge. Consumers usually receive a budget and action plan, and the counselor may recommend a debt management program. A debt management program is a 3-5 year repayment program that pays debts in full, often with significantly lower interest and creditor fees. Not everyone qualifies, and there is a monthly cost for the program that can range up to \$75. Success rates vary by counseling organization. Credit typically improves as debts are paid on time each month.

Bankruptcy – There are two forms for individuals. **Chapter 7 bankruptcy** wipes away unsecured debts and prevents creditors from suing you. Many people don't qualify for Chapter 7, and it seriously damages your credit. USA Today quoted the average Chapter 7 cost at \$1,500. Some opt to file for **Chapter 13 bankruptcy**, which is a 3-5 year repayment program that also prevents creditors from taking legal action. The cost is about double the price of Chapter 7, but payments can be spread out over the life of the repayment plan. Over time, credit damage may be mitigated as debts are paid on time each month. Unfortunately, most Chapter 13 repayment programs fail before any debts are actually discharged.

There are no easy answers to debt problems, so it's important that you research your options carefully. You can view and download the infographic at greenpath.org/infographics.



Webinar Wednesdays in July

GreenPath will host two webinars in July. These hour-long, online programs are taught by GreenPath education specialists. The webinars are always free and informative without a sales pitch. There's also plenty of time for Q&A at the end of the programs.

10 Ways to Save – Wednesday, July 1 at noon ET

We all have gotten advice on ways to save from so many sources: our family, our friends, talk shows, the Internet, and more! Our Webinar Wednesday on July 1 will be reviewing ten fun and easy ways to save during the rest of 2015.

Understanding Student Loans – Wednesday, July 15 at noon ET

Learn about options for financing your education, including different federal loan program, as well as the differences between a private and a federal loan. We will cover repayment options as well as options for borrowers who are struggling or in default. Finally, we will cover some of the new income based and loan forgiveness programs.

To sign up for any of these personal finance webinars, log on to www.greenpathref.com, click on Financial Education, then Webinars.



GreenPath Reviews on ConsumerAffairs.com

If GreenPath has helped you, consider sharing your story on *ConsumerAffairs.com*. Here's a recent submission:

From John: *"I would just like to thank GreenPath for all their help in solving my Debt. I started in March 2009 and completed in February 2015. I was so relieved with this accomplishment especially since I retired in July 2014, further reducing my costs and enabling me to live my life now debt free.*

I have learned a valuable lesson through the program and have learned to respect money more now than ever before. You can learn to live with less and not feel deprived. Once again thanks GreenPath for helping me with my finances."

Log on to www.consumeraffairs.com/debt_counsel/greenpath.html to tell us your story! So far, more than 130 clients have shared their experience!

New Consumer Action Handbook Available

The U.S. General Services Administrative office has released the 2015 Consumer Action Handbook.

In this free 140-page book, you'll learn how to be a savvy consumer, how to file a complaint with a company, and have a succinct consumer assistance directory at your fingertips.

Log on to www.usa.gov to download an electronic copy or to order a paper copy.

What Do 123456 and Qwerty Have in Common?

A recent article in The Detroit News discussed why so many passwords are so bad and how not watching over them can lead to identity theft.

In part, the article discusses how "an easy password is like no password." The expert suggests that using a combination of upper-and lower-case letters, numbers and symbols is the best way to thwart identity thieves.

For example, when placed up against a password solving computer program, the name "Jones," will be solved instantly. "Jones56" takes 14 minutes, while "Jones567" takes 15 hours.

Interrupt the letters, and things get better quickly. Let's say you were born in December. "Jo1212nes" gets you 39 days. Now

add a third 12, but hit the capital letters key for the middle one — "Jo12!@12nes" — and you're good for 4 million years.

Take the time to review your passwords and update on a regular basis. A few preventive passwords can save you time and money, while keeping identity theft at bay!

Top five most common passwords, according to SplashData:

1. 123456
2. Password
3. 12345
4. 12345678
5. Qwerty