



FAQ's About Debt Management Companies

What will a debt management program cost me?

Fees range from \$400-\$1,500, but depending on your program you might not have to pay the fees out of your pocket. The fees may be added to your balance and included on a credit card already closed and enrolled in the program.

Will this hurt my credit?

Debt management or credit counseling does not usually negatively impact your credit score

http://myfico.custhelp.com/cgi-bin/myfico.cfg/php/enduser/std_adp.php?p_faqid=70

These programs will not generally affect your credit. You still are established with your creditors and make one payment per month that is distributed to all your creditors. Each month you will receive statements from your creditors reflecting payments made and showing your new balance.

Why do I need to give out account information?

Account numbers tell the debt management companies what type of card(s) you have, who the creditors are and how low the interest rate can be lowered.

Why do I need to give out my checking or savings account?

Most non profit organizations in debt management or credit counseling DO NOT have a billing department so you can not mail payments - they must be done electronically.

Can I still use my cards while they are in the program?

The only thing creditors ask in exchange for lowering the rates is that you stop using the card(s) until your balance(s) is/are paid off. You may reactivate your accounts in the future. *A debt management program is designed to get you out of debt, not lower your interest rates so you can spend more money.*

What will my rates be?

Each creditor has their own rates ranging from 2.9%-9.9%. These are national rates that all debt management and credit counseling companies use.

Do I have to have the benefits package or educational materials?

Yes, because these programs are government regulated they must show you financial reprieve in three areas. You can not get into a program without these benefits and educational materials.

1. Financial reprieve on your interest rates (Lower interest rates)
2. Financial reprieve on your monthly out of pocket expenses (Shorten your amount of payments)
3. Financial reprieve on a daily basis (Benefits program/educational materials helps you save hundreds of dollars per month)