

What is Credit Counselling Anyway?

My sister doesn't really understand what I do for a living. She says that her credit doesn't need to be counselled. It's happily rising, month to month – pleased as punch. The banks and finance companies – they just love her. They continue to raise the limits and offer more and better credit cards. How lucky she is, she says, to be so well loved. Not to mention all those points that keeps accumulating. What could possibly be wrong?

What's wrong is that she barely has any real money. She pays one credit card off with a transfer cheque from another. Then she buys groceries with the credit card that was paid down. Her pay cheque goes into her overdraft and she ends up with a zero balance in her bank account on pay day and the cycle begins again. What is terribly wrong is that she has no idea how much it actually costs to live her life on a monthly or yearly basis. And her debt load is constantly rising with seemingly no end in sight. At some point, it has to stop.

Does any of this ring true in your life? Maybe you could benefit from credit counselling. Founded in 1994, Credit Counselling Services of Atlantic Canada (CCSAC) is a non-profit organization with 12 offices in Atlantic Canada. We talk to people with financial difficulties. Sometimes the numbers are larger or smaller but the distress is all the same. I have seen people burdened with \$2,000 in debts and I have seen others with unsecured debts over \$150,000. Each is suffering from the same distress, same lack of sleep. Who are our clients? People like you and me. The average age of our clients is 42, the average unsecured debt load is \$21,000. Last year, we counselled 5,700 people. The most common reason people come to see us is money management issues. Let's face it – many of us are just one or two pay-cheques away from financial ruin.

The process involves a full review of your financial situation. What do you own, what do you owe, how much money do you have coming in and where is it all going? The questions aren't complicated but finding the answers can be. What does that coffee habit cost you? What do you spend on clothes and shoes over the course of a year? What do you spend on gifts in a year - including Christmas, birthdays, grading, anniversaries, Valentines Day, Easter etc. And how about those bank fees? The list goes on and on. All this before we even start talking about debts.

Our job as credit counsellors is to get all the information about your particular situation and come up with some options for you to consider. What do you need to go forward? There are a number of possibilities; a mortgage refinance, a consolidation loan, selling some assets, better money management or doing more with what you have. CCSAC also offers a Debt Management Program.

This is a voluntary program where we act as a neutral third party and ask your unsecured creditors to accept smaller payments generally over a longer period of time. We ask creditors to eliminate or reduce their interest rates so that your payments will go towards the principal not the interest. In 5 years or less, you will be out of debt. And you will have repaid 100% of your debts.

Currently, Credit Counselling Services of Atlantic Canada has about 2300 people on those programs and in 2006 we distributed about 8 million dollars to creditors on our clients' behalf. We are currently managing over \$33 million dollars in debts.

Whenever we speak with a client, our counsellors spend a good deal of time on budget and money management issues. We don't judge you on how you got into debt. What matters is making a change and going forward. I can't tell people how to spend their money but I can usually show them a balanced budget for basic living expenses. In most cases - something's got to give and it's up to the individual consumer to decide where and how to reduce expenses. Ultimately I want everybody to know where they are spending their money – the choices are yours to make.

CCSAC also has an education program with a full time Director of Education. We give workshops and presentations all over the Maritimes. In 2006 we gave 106 workshops on budgeting and money management to employers, community groups & schools. CCSAC also has a scholarship program for youth attending post-secondary schools. We have given out \$43,000 in scholarships.

CCSAC is very excited about our redesigned website. Clients now have on-line access to their accounts so they can watch their balances go down. Consumers can “Chat with a Counsellor” live and talk about their personal finances. Consumers can also complete an On-Line Application Form prior to speaking with a counsellor. Check it out now at www.solveyourdebts.com.

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