

## Is Credit Counseling Appropriate For You?

We have all seen and heard the commercials telling us how great credit counseling is. These organizations brag that they can help us to repair our credit and may even be able to reduce those nagging monthly payments. When first heard, they sound like a miracle solution to all of our credit problems. Yet, before you rush off and call that phone number to that credit counselor, you should think about a few things first. Such as: Do you really need this help? The National Foundation for Credit Counseling suggests that you may need a credit counselor if one or more of the following factors are true. - Your total monthly credit card payments amount to 15 percent or more of the amount of your take home pay. - You can't afford even the minimum monthly payments on these charges. - You can just barely afford those minimum charges. - You can't pay all your creditors, every month. - You routinely use your credit cards as payment for gas and food, because this is your only option of purchasing these needed items. If you do find yourself in the predicament that you were able to answer true to most or some of those circumstances, then your best bet may well be credit counseling. Now what are your options and what should you do before and as you hire one? Firstly, look at their credentials. Some people have actually been scammed by people claiming to be credit counselors and all they did was lose more money and further tarnish their credit ratings. If you want to hire a credit counselor you have the option of checking their credentials to see if they are listed on the US Department of Justice's list of agencies of approved counsel bankruptcy clients. You can also check out the NFCC (National Foundation For Credit Counseling) and see the list of their members, who train at regular meetings and must meet ethical standards, are non-profits, are bonded, and who are audited regularly. You should always be wary of credit counselors who do any of the following: - Try to push a plan on you without giving you time to assess the situation or without the counselor doing the same. Sometimes a counselor may recommend a new budget. Bankruptcy and the like is not always the final outcome. Plus, that first interview should take a half hour or more to discuss all your angles of your finances. - Charge enormous upfront fees. The average fee for that first consultation is around \$25.00. If you decide to join a debt management program that cost usually ranges close to \$50. This charge is for the agency setting up all the account and repayments for you. Administrative monthly costs also generally run about \$25. - The counselor promises to fix your credit rating. No counselor can wipe away your bad credit record by charging you a fee, without doing something illegal or unethical (such as setting up phony accounts under another person's name and social security number, which is illegal). Finally, if you do decide to go ahead with the debt management program, be sure to track your progress. This means you want to check those monthly statements that comes in every month to make sure those payments are still being made. You should also be getting a monthly statement from the credit counselor. Check this as well. Remember these charges are still your responsibility. If they are not paid, you are the one who will be held responsible and you will be the one who has the damaged credit rating. For these two reasons pay attention to what your counselor is actually doing.. Many people with credit problems have been able to clear up their debt quicker with the help of a credit counselor. Just make sure you pay attention to all the details before hiring one and before signing any contracts with one.

## About the Author

Nicholas writes on [debt](#) and related topics, including [debt management](#), consolidation and insolvency.

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