Jane Walstedt: Now I would like to ask Angela Rizzolo, a Program Analyst in the Women’s Bureau’s Regional Office in Boston, to introduce our first speaker. Angela.

Angela Rizzolo: Thank you, Jane. Good afternoon everyone. It is my pleasure to introduce Steve Bucci, who is the President of Money Management International Financial Education Foundation. Prior to joining the Foundation he was President of the nonprofit Consumer Credit Counseling Service of Southern New England.

He was the Founder of the Consumer Credit Counseling Service of Rhode Island, which he organized in the wake of the 1991 Rhode Island banking and credit union crisis. While there, Mr. Bucci founded and became the Managing Director of the University of Rhode Island’s Center for Personal Finance Education. He continues to serve on its board.

He is the author of the *Credit Repair Kit for Dummies*--and I have to admit I have a copy--one of the popular Dummies series books. A nationally syndicated columnist with Scripps Howard writing the Debt Adviser column for Bankrate.com, I give you Mr. Steve Bucci.

Steve Bucci: Good afternoon and thank you for inviting me to talk to this group. This is, as everybody knows, a critical time both in debt and credit management, and I’m going to cover both topics very quickly since I only have 10 minutes. If you have a pen and piece of paper, please take some notes for your questions, because I’m going to go fairly fast.
In terms of debt management, people often ask, “Do you need help paying down debt? How do you know, and what’s the best strategy for you?” These are all very personal questions. And, first off, if you need help, if you’re overwhelmed, if you feel that you can’t deal with your debt, or if you have more than just a few creditors, I would suggest that you get some help.

The reason for that is that when you have multiple creditors it’s extremely difficult to satisfy each of them, because you have to do it in sequence, first contacting one creditor, making an offer, contacting another. And each one is going to press back at you and try to get more than you really want to give. So if you’re in trouble, you have more than a few creditors, I suggest you get some outside help. If you have less than that, good to try on your own.

And also if you’re feeling overwhelmed, [if] it’s just the emotions and the guilt and the bad feelings [that] are keeping you from being effective, don’t be afraid to go and get help, because it is out there. There’s several types of help that are available to help with debt management. You can start with the most basic, which is get financial education. Classes are offered in many communities. You can find them through your library or through local United Way or credit counseling organizations.

You can also get credit counseling help, which would be the next level. This is general, free counseling. It runs about an hour and a half. Someone will look at your situation in particular, give you a specific plan to help you with your situation, and also give you a budget. You should expect to not have to pay for it, but you should expect to have to give a fair amount of time and some personal financial information to get a result.

There are also debt management plans out there. In a debt management plan you take the number of debts that you have, consolidate the payments, but the
debts remain in place. So one payment goes usually to a nonprofit credit counseling organization and is distributed to all of your creditors.

Usually your creditors will give you a concession either on interest or on payments. And this may or may not have a problem with your credit report depending on where you are when you go in. Debt management plans are legitimate if you get them from a legitimate nonprofit organization, and I can tell you later on how to find one of those.

**Debt settlements** are also very popular right now. They are dangerous and tricky. They can be done right. This is settling a debt for less than you owe. It is a… it is an adversarial process. I suggest using an attorney if you’re going to do this, but you can settle your debt for less than you owe. There will be damage to your credit report, and there may be income tax consequences as well.

And finally, the ultimate for handling debt is **bankruptcy**. There is a Chapter 7 and a Chapter 13 bankruptcy, which apply to individuals. Each one has its own qualifications. Chapter 7 generally liquidates most of your debt; Chapter 13 is a wager earner plan, where you will have to repay what you can afford to repay through a US Trustee. It takes up to five years and it is not an easy road.

With that said on debt, the question now comes up on what is right for you, and that is a personal decision. Shop around, find out what alternatives fit your situation, what you’re comfortable with, and then just ask around and ask people for recommendations. Very often someone else has gone through exactly what you’re going through and they will give you some sound advice.

With regard to credit, managing your credit is now more important than perhaps it’s been in a very, very long time, because credit not only can affect
what interest rates or fees you’re going to be paying, but also whether you get a job, whether you get a promotion, your insurance rates, and also it has a big effect on relationships, with most marriages that fail saying that money at least played a role in it.

As credit is tightening, it’s important that you know what your credit report says, because 25% of them have errors in them. It’s important that you know what your credit score is. And you can find that also on the Internet.

If you have a question, I can answer that and tell you where to get information. It’s essential that you learn how to budget and save in this current environment. Without savings you’re going to be forced to rely on credit, which is getting scarcer and scarcer should an emergency come up. So it’s imperative that you have a budget that allows you to save.

And I also suggest that for women in particular there are three things that affect you more than anyone else. Because women are a nurturing group as a whole--they are the caregivers, they are the mothers and the wives--they tend to cosign [loans] more for their parents, for the men in their lives, and for their kids. Cosigning invariably gets them in trouble, and I warn against that strenuously.

Also, you’ve all heard about the “Glass Ceiling.” It’s difficult in some companies to get promotions. Most companies will look at credit reports. Don’t give [them] another excuse to be turned down for a promotion or for a job. Make sure your credit report is clear, and then you can help avoid some of the Glass Ceiling problems.

And finally, divorce can have a huge effect on credit if it’s not handled correctly. And women often fall prey to not doing as complete a job as the men do on this. Make sure you get a good lawyer. Make sure all the debts are
out of your name that you’re not going to be responsible for. And make sure that you follow up with the courts and keep current on it.

With that, my time is up. I have lots more I’d love to be able to say to you folks, but perhaps you’ll ask some questions, and we can go on from there.

Jane Walstedt: Thank you very much, Steve. I think you only used five minutes actually, but hopefully people will have questions for you during the question and answer period.