

# MANAGING YOUR MONEY



## Paying Off Old Debts Can Help You Save Money

(NAPSA)—While some might find it surprising, a call from a debt collector can actually bring good news. That's because working with a debt collector to resolve a financial problem may help your credit and save you money.

For many, the thought of being contacted by a debt collector about a past-due bill or unpaid debt can cause anger or panic. However, hanging up or asking not to be contacted again doesn't solve the problem.

"It's not your father's debt collector," said Gary Rippentrop, CEO of ACA International, the Association of Credit and Collection Professionals, which sets a strict code of ethics for its member agencies. "Nowadays, the majority of debt collectors are well-trained, sophisticated professionals willing to work with you to pay off your debts, allowing you to avoid financial challenges in the future."

According to a recent PricewaterhouseCoopers study, last year, collectors recovered \$49 billion in delinquent debt. As a result, businesses were not forced to raise prices to cover their losses, saving the average American household \$351.

Added Rippentrop, "When called about an unpaid bill, the most important thing to do is communicate, not panic."

When debts such as credit card and cell phone bills pile up, there are a few important steps you must take to deal with debt responsibly. If you are contacted by a collector:

- Don't avoid the call: If you have questions or want to dispute the debt, contact the collector



**Creating a monthly budget and paying down your existing balances can help you get your finances under control.**

immediately in writing. If the first communication is by phone, the collector must send a written notification within five working days. Once an initial contact has been made, you have 30 days to dispute the debt; otherwise, it will be deemed valid.

- Ask about options and programs: If you are having financial difficulties and are not able to immediately pay the full amount, ask about an extended payment plan or other payment options.

- Act early: Get your finances under control as soon as possible. Create a monthly budget and avoid taking on more debt until paying down your existing balances.

- Pay on time: If you are following a payment plan, don't miss payments or pay late as a creditor may be less willing to extend flexible payment options in the future.

To learn more about smart financial management and your rights under the federal Fair Debt Collection Practices Act, visit [www.acainternational.org](http://www.acainternational.org).