

MANAGING YOUR MONEY

New Credit System Presents Unprecedented Opportunity and Danger to Millions of Americans

(NAPSA)—A new rating system will extend credit to millions of Americans who could not get it in the past. Groups including recent immigrants, people with low income, recently widowed women and young adults are expected to benefit from the new system.

Experts warn, however, that the new credit rating system could end up creating financial problems for a number of people. "The new system presents an opportunity for millions of Americans to establish a credit history for the first time," says Joel Greenberg, president of a credit-counseling agency called Novadebt. "But it also presents a potentially disastrous opportunity for people to get themselves into trouble if they don't know how to use credit responsibly. It's imperative that people be made aware of how to use credit responsibly so they can avoid financial pitfalls—and get the most out of their credit."

Greenberg's group is a non-profit social service agency that works to help consumers with personal financial difficulties. The group offers the following tips to newly credited consumers:

- **Watch Out For Hidden Costs**—Consumers should pay close attention to annual percentage rates (or the interest rates) on credit cards. They should also know what fees the creditor is likely to charge them. Fees usually include late fees, balance-transfer fees and over-the-limit fees.

- **Know The Debt Warning Signs**—Greenberg says there are a number of warning signs that



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you have taken on too much debt. They include: being unsure of how much debt you are carrying; living paycheck to paycheck; not paying one bill so that you can pay another; and taking cash advances from one credit card to pay another. A complete list of debt danger signs can be found at Novadebt.org.

- **Don't Go It Alone**—Take the time to learn the basics of credit, and seek the assistance of experts if you need to do so. Greenberg stressed that it is particularly important for people to seek help right away if they think they might be getting into trouble. Most people find that they can get themselves out of debt on a reasonable timetable if they get help from a reputable, licensed credit counseling organization before the problem becomes insurmountable.

For more information on ways to make the most of your credit, visit www.novadebt.org.