

Money for Life – Keep the Collectors Away!

By Ruth Freeman, Family Resource Management Field Specialist

Are the collectors calling? Is your mailbox filling up with past due notices? Do you feel overwhelmed? Now is the time for action!

Begin by listing your obligations. How much do you owe to whom? What is the rate of interest on each debt? ISU Extension offers two resources to help you work through your financial concerns.

First is Power Pay, a computer program that allows you to map out a repayment plan. It also allows you to play “what if.” What if you use your work bonus, a gift of money or income tax refund to pay down credit obligations? What if you can “find” an additional \$20 a week, \$50 per month to pay toward your debt? Once you pay the “minimum” on a debt, all additional dollars paid will work away at the principle and repay the debt sooner.

Contact the Greene County ISU Extension office at 515-386-2138 or visit us on the web <http://www.extension.iastate.edu/financial/powerpay.html> to learn how to secure your personal Power Pay.

The second is ISU Extension’s Web-based course, “Taking Control of Your Money” at <http://www.extension.iastate.edu/financial/money/>. This course is designed to help you take control of your finances by considering what different interest rates make to your debt.

For example, if you owe \$8,000 and pay a “minimum” payment of 2% per month, it will take you 79 years, 1 month to pay off the \$8,000 with no new charges at 21% APR (Annual Percentage Rate). The total cost to you will be \$53,558. At 18% APR the same \$8,000 can be paid off in 44 years, 11 months with \$29,164 paid. At 12% APR, the pay off time is 25 years, 1 month and \$15,402. Is there a way to reduce the amount of interest you are paying on your debts?

The bankruptcy laws are changing with the expectation that you will repay your debts! ISU Extension can help you work through your financial concerns.

Extension programs are available to all without regard to race, color, national origin, religion, sex, age, or disability.