



# THE CONSUMER ADVOCATE

Fall 2008

...a brighter tomorrow

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*Thank you!*

Citigroup, for your generous and unwavering support that helps significantly fund our operations and educational efforts throughout the year.

Chase, for your kind funding, which will support our latest educational project, "The Key to Financial Literacy."

## Vanishing Credit Limit?

Many are familiar with the phrase credit crisis not only because it plagues the newspapers and TV, but because of how it affects you and your family's spending on a daily basis. As the credit crisis deepens, banks are feeling the squeeze as more and more people are spending money on their credit cards that they are unable repay. To try and prevent losing more money creditors are reducing how much credit they lend out. Have you noticed that your credit limit was recently reduced? Maybe it has and you are unaware. Creditors like Visa, MasterCard, and American Express have recently reduced the credit lines of many of their credit card holders; even those with good credit may be affected. Check your credit card statements to find out.

By reducing your credit limit, the creditor is reducing how much money you can spend on the credit card. Many are

noticing their credit limits that once extended to \$5,000 are now being reduced to \$1,000 or less. Depending on the creditor if you try to spend more than your limit, your card may be denied and/or you will be assessed an over limit fee. This fee is roughly \$25 dollars. What else does a lower credit limit mean for you?

1. Less available credit. If an emergency should arise you may not have the necessary credit to cover the expense.
2. Lower credit scores. If you are carrying a balance on your card, you may suddenly be close to the limit. What does this mean? For example, the Jones family had been using their credit card for gasoline purchases and accumulated a balance of \$900. They received notice that their credit limit was reduced from \$3,000 to \$1,000. (Lenders must notify you of these changes within 30 days – **before or after the change** - so be sure to check your mail.) The Jones' are now close to maxing out their credit card. Utilizing more of your available credit can cause your credit score to go down.

What if the Jones' credit limit is reduced on a credit card with no balance? Your credit score is affected by the percentage of **total available** credit you use, meaning the total of all credit limits. For example, the Jones family has three credit cards A, B, and C. The Jones family has spent \$900 out of a possible \$1,000 on Credit Card A. On

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Credit Card B they carry no balance with a limit of \$2,000. Finally, on Credit Card C, they carry a balance of \$950 with a limit of \$2,000. Total the Jones family has spent \$1,850 out of a possible \$5,000. The Jones family has not spent over 50% of their total credit limit as they are aware it can affect their credit score if they do. The following week Creditor B reduces their credit limit on Credit Card B from \$2,000 to \$500. The Jones' **total credit limit** has now decreased to \$3,500 and they are using \$1,850; more than 50% of their limit. Even though there was no balance on Credit Card B, reducing the limit affects the **total limit** of all of their credit cards. This can also trigger their credit score to decrease.

4. Over Limit Fees. Some families like the Jones family are seeing their credit limits reduced to the point where it can trigger fees. If the Jones' were not aware that their credit limit had been reduced and they continued to spend above their limit, they would be penalized with an over limit fee. Creditors may even charge over limit fees each month until the balance is below the limit. What to do:

1. Read your mail. If you have signed up for statements via email be sure to take a few minutes and read them through. It is worth it to avoid unnecessary fees.
2. Consider signing up for email alerts. Many companies will send out emails to notify you if you are approaching your credit limit.
3. Pay down those balances. If you are struggling with high balances look into different ways to increase your income and reduce your credit card debt. Remember, pay down the credit card with the highest interest rate first to avoid paying more than necessary in the long run. If your interest rates are high or you are having a hard time making your monthly credit cards payments call Debt Counseling Corporation to learn more about our Debt Management Program.

## Did You Know?

There are tons of expenses to consider when preparing for the exciting investment of higher education. Today the cost of text books can cost hundreds of dollars on top of paying for classes! Did you know that there are ways you can cut the cost of classroom books? You may be able to purchase the books you need for half price or less!? Here are a few suggestions:



Buy your books online! Website such as [www.half.com](http://www.half.com) or [www.amazon.com](http://www.amazon.com) have the same books for a fraction of the cost. Many offer free shipping and next day delivery! Is a friend or

roommate in the same class? You may want to share a book and split the cost.

Check out the library – often campus or local libraries carry books that professors require. If necessary you can photo copy certain sections.

Once the class is over instead of letting your books collect dust, sell them! Some college bookstores will buy books back to resell them as used. Many college campuses have student websites where you can post items too. You may even be able to sell your books to a friend who will be taking the class next semester!

## Land That Job!

Job searching is without a doubt one of the most stressful and draining experiences. As the Nation's unemployment rate is rising, many of us are in the same boat looking for new employment opportunities. When the competition is fierce, taking the right steps to prepare yourself is essential. Keep your chin up, word hard and your hard work will pay off! Here are some tips to help you stand out from the crowd and have you back to work in no time.

1. Get a pad and pen and list your accomplishments. This will make it easier to update your resume and prepare for job interviews. Remember what you have to offer and be proud of it.
2. Take a look at the positions that are available. Check newspapers, The Department of Labor, and online job sites such as [www.monster.com](http://www.monster.com), [www.hotjobs.com](http://www.hotjobs.com), and [www.craigslist.com](http://www.craigslist.com). Keep a list of the jobs you are interested in and what the qualifications are. Don't apply yet!
3. Get a feel for the terms used in job position descriptions. Revise your resume so that your qualifications use similar vocabulary. Have a friend or relative read over your resume to be sure that it gives a strong first impression and most importantly has no spelling or grammatical errors. Use the internet or check out a book from the library to help you with format and appropriate language. Be sure that your resume is full of action words such as; accomplished, directed, documented, executed, etc.
4. Once your resume is ready to go, create a cover letter. This is your first shot at getting noticed. What makes you stand out from others applying? A cover letter should be three brief paragraphs and highlight your best skills. The first paragraph states the position you are applying for and especially if you learned of the position through an individual who works there... networking is key! The second paragraph shows the reader why you are a good fit for the position. What qualities, accomplishments and experiences make you the person to choose? Finally, in the third paragraph, kindly request an interview and state that your resume is enclosed. Take the initiative and say how you will follow up to

confirm that your resume was received. Be polite and to the point.

5. Anxious to start applying? Leave no rock unturned. Check newspapers, company websites, online job search engines and ask friends if their companies are hiring. Keep track of the jobs you apply for, record the position and the employer contact information. It may be a good idea to have an "objective" bullet at the top of your resume which should be changed for each position you apply for. Check jobs sites and newspapers daily as new positions are added.
6. And finally... waiting to hear back. Be sure that your resume clearly displays an easy way to contact you. The employer shouldn't have to chase you down! If you haven't heard back in a few weeks, consider calling to follow up and see that your resume was received. Remember be kind and courteous you never know who will answer the phone!
7. Most importantly, don't get discouraged! Find ways to fill your day so you don't get stressed out waiting. Prepare answers for interview questions, polish up your old suit, consider taking the time to meet with a free Career Center!

**Tis' the Season for Seasonal Positions!** Many companies hire thousands of people for extra help around the holidays. Seasonal positions may even open the door for a full time position after the holidays have passed! Get your foot in the door and make a good impression! Retail stores, movie rental stores, jewelry stores, etc. take on more employees to accommodate for the increase in shoppers and the need for positions like gift wrapping and returns. Don't forget, stores offer discounts for employees too! If you are working at a mall or shopping center employees may receive discounts in the entire mall! Get ready to begin or revamp your job search!

Good Luck!

## Celebrity \$ense

"The art is not in making money, but in keeping it"

- *Unknown*

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### *Spotlight on the Community*

Fall 2008 was an exciting time at Debt Counseling Corporation! Trying to hang on the last bit of summer, DCC traveled to the Mastic YMCA Leaders Club for our Beach Ball Finances workshop. The teens and tweens had a great time throwing the beach ball back and forth and were very enthusiastic about answering the questions on money and credit.

DCC is delighted to introduce our new program, **EFFECT (Employees Financial Freedom Credit Training)**. This program was founded in response to the many employers who are recognizing the importance of financial education for employees in the workplace. DCC conducted financial literacy workshops for the employees at the Administrators for the Professions, Inc. (AFP) in Manhasset. The turnout was outstanding!

This October, DCC was delighted to conduct our first workshop at the Sachem Library to prepare Long Islanders to avoid "Breaking the Bank this Holiday Season"!

DCC continued to provide education for the women at the Nassau Economic Opportunity Commission Displaced Homemakers Program, Queens Hospital, and C.W. Post throughout the fall months!

### What's New at DCC

If you reside in the Long Island area, you are also invited to our monthly in-house seminars to take advantage of our *Educational Incentive Program*. If you attend a monthly seminar and are enrolled in our DMP, your monthly maintenance fee will be directed to a creditor of your choice in the following month, to help pay down your debt faster. Mark your calendar for our upcoming seminars.

**October 21, 2008** at 6:30 pm — Don't Break the Bank this Holiday Season

**November 18, 2008** at 12:30pm – Senior Citizens Be Wise: Don't Loose Your Hard Earned Money To Scam Artists

Call 1.888.354.6332 to reserve your seat today!



The mission of Debt Counseling Corp. is to educate the general public about debt management options such as budgeting, refinancing, and a debt management program; to provide consumers consistent, superior, individualized service; to provide each consumer with the tools they need to develop and modify a budget which will allow them to maintain a dignified lifestyle.

Debt Counseling Corp. is also committed to assisting the creditors with collecting consumer debt by helping avoid bankruptcy whenever possible and eliminating their financial burden.