

## Cost of Debt

Many folks who are having a hard time paying off their debts will use programs like Consumer Credit Counseling or other credit counseling agencies to try to get their debt under control. In the past, many creditors have been willing to work with those agencies to help consumers get back on their feet. Often times, the creditor would lower or eliminate the interest and the agency made their money from the bank or other creditor. However, the Consumer Federation of America found that many banks have been reducing their contributions to such credit counseling agencies while simultaneously increasing the interest they charge on the accounts enrolled in such programs, sometimes to as high as 21%/annum. What this means for many people is that it is becoming increasingly hard for them to pay off their debt in a reasonable time period.

Just by way of example as to how interest rates can affect your debt, consider this:

If you have a \$10,000 balance on a credit card, the interest you'll pay over 3 years is:

6.0%	\$52.00
9.9%	\$1,599.00
21.9%	\$3,730.00