

National Credit Education Week: April 19-23, 2010

INTRODUCTION

Our credit system is quite remarkable. It provides opportunities for people of all walks of life to achieve things that were previously reserved only for those of privilege. Buying a home, earning a college degree, starting a business...these dreams come true every day thanks to the idea of credit.

But with great opportunity comes great responsibility. If credit is misunderstood or misused, what had once been a dream come true can feel more like a burden. The more consumers know about credit, the more likely their success in reaching personal finance goals.

As a professional in the credit and collection industry, you see the need for credit education every day. You provide a valuable service that keeps our economy working and ensures that credit will continue to be available to consumers and businesses alike. By joining this year's National Credit Education Week (NCEW), you will make a difference in the lives of both today's and tomorrow's credit users.

ACA International developed this planning kit to provide event ideas and resources to help organizations participate in NCEW. We hope you'll find this kit helpful as you bring the important message of financial literacy to your community through this public service campaign. Please be sure to visit the new campaign Web site at <http://www.nationalcrediteducationweek.com>. The site features the latest NCEW news and developments, serving as the focal point of the national campaign.

As always, ACA welcomes your feedback. For NCEW questions or suggestions, please contact Kalin LeBrun at +1(952) 928-8000, ext. 105, or lebrun@acainternational.org.

PLANNING YOUR EVENT

Getting Started

The message of National Credit Education Week (NCEW) is nearly universal in its importance. No matter who you are—a parent, a young student, a retiree, a professional in the height of your career or a newcomer to the country who is unfamiliar with credit—you're probably already using credit or plan to in the near future. Proper financial management is an essential skill for all consumers. But where do you start? To whom should you reach out?

Suggested venues for National Credit Education Week:

- § High Schools: Contact teachers or school officials and ask to visit their classrooms during NCEW. Have students complete the personal finance quiz included in this planning kit and review the answers with the accompanying NCEW presentation slides.
- § Shopping Centers: Contact the events director or marketing manager of your local mall. Ask for permission to set up a display with free financial literacy brochures. When people stop by, have them fill out the quiz.
- § Credit Grantors: Enlist the support of banks, credit unions or other clients in your community whose offices or retail locations have a fair amount of consumer traffic. Set up a display for consumers to take the quiz. Or ask credit grantors to send out the quiz and other NCEW materials to their customers with their April account statements.
- § College Campuses: There are plenty of ways to bring NCEW to the college community. Explain to school administrators how unmanageable debt is a threat to students' ability to focus on their studies and can even lead to enrollment retention problems on campus if students facing debt problems drop out of school. Ask to present NCEW information to a class, student group meeting or student center. Below are contacts that may be helpful for gaining access to campus:
 - § The financial aid office.
 - § The dean of students.
 - § Resident hall authorities (the "RA").
 - § Fraternity or sorority organizations.
 - § The student center director.
 - § The student council.
- § Community Groups: Schedule a presentation with a group in which you're involved or a public place you frequent, such as:
 - § Libraries.
 - § Neighborhood associations.
 - § Places of worship.
- § Elected officials: Ask your city council, mayor or governor to issue a proclamation declaring April 20-26 as National Credit Education Week in your community. See sample request letter.
- § Employers: Many businesses invite visitors to speak at staff meetings in order to familiarize employees with community organizations and promote their general well-being. Personal financial problems contribute to greater absenteeism and stress-related health costs, so employers have a definite interest in providing staff with credit education resources. Contact the HR director or an executive.

Additional activity ideas:

- § Hand out prizes to participants who complete the quiz.
- § Offer free financial counseling services during National Credit Education Week. Allow consumers to ask questions about credit, collections and debt management.

- § Partner with ACA International's Public Relations department to help promote the brand new, totally free consumer education Web site, *Ask Doctor Debt*, which was created by the ACA International Education Foundation and will be officially launched April 20 as part of NCEW. To find out how you can help promote *Ask Doctor Debt* in your local community, contact ACA Public Relations and Fundraising Specialist Kalin LeBrun at (952) 928-8000, ext. 105 or lebrun@acainternational.org.
- § Pitch a news release to local media highlighting National Credit Education Week and your commitment to consumers. Arrange for media coverage at your NCEW event. See sample news release.
- § Distribute ACA International Education Foundation's consumer rights brochures available online at <http://www.acainternational.org/knowledgebase/?cid=328>.
- § Promote ACA International Education Foundation's free Web-based education program. The Personal Financial Management Web Course can be accessed at <http://www.acainternational.org>. The program offers training on basic services such as checking and savings accounts, loan and investments. It also presents budget development tools with long and short term financial goals while exploring money management techniques and wise use of credit. Funding for the program was provided by CBM Credit Education Foundation, ACA member ConServe, and the ACA International Education Foundation.
- § Sponsor a contest with the local media to increase awareness of the need to use credit wisely. Award prizes for the most creative ways people found to get out of debt (within the boundaries of the law, of course).
- § Arrange for media coverage on informative topics dealing with credit and personal finance issues.
- § Help consumers obtain a free consumer report during National Credit Education Week. Using a computer with a printer and a secure Internet connection, guide consumers through the process of getting their report. Set up a hotline number for consumers or provide experts on site to advise consumers who have questions regarding their report. The Web site for obtaining free reports is <http://www.annualcreditreport.com>.

Your Event Committee

To facilitate the planning necessary to make your event a success, ACA encourages participants to develop a National Credit Education Week Task Force Committee. Your committee may include several key positions: Committee Chair, Media Relations Coordinator, Funding Coordinator and Volunteer Coordinator. The committee should meet twice a month to make sure everything is on track and going as planned.

Main Responsibilities:

- § Committee Chair: Oversees the entire event and handles all facility and operational functions.
- § Media Relations Coordinator: Handles all media relations with local media outlets.
- § Funding Coordinator: Handles all finances and sponsorships.
- § Volunteer Coordinator: Handles all volunteer assignments.

First Meeting:

The following tasks should be achieved during your first committee meeting:

- § Decide on the event/activity your company will sponsor.
- § Determine topics that will be covered.
- § Determine a date and location for the event.
- § Develop a list of potential sponsors/volunteers.

Final Meeting:

- § Debriefing of the events (what worked, what could be improved).
- § Send in final report to ACA International.

To-Do List: MEDIA RELATIONS COORDINATOR

One Month Out:

- q Contact ACA International Public Relations and Fundraising Specialist Kalin LeBrun at (952) 928-8000, ext. 105 or lebrun@acainternational.org. Kalin will help you develop media lists (newspaper, television, radio) relevant to your area of coverage.
- q Create a list of volunteers willing to be interviewed.
- q Develop media kits about NCEW, if applicable.
- q Send public service announcements (PSAs) to local radio stations.
- q Send story ideas to television stations for a series of personal finance topics to be covered during the week of April 20-26.
- q Send out media kits, if applicable.
- q Personally extend media invitations to your event.
- q Send out pre-event press release to local newspapers.
- q Provide information for community calendars of local media outlets.
- q Hang event posters in high-traffic areas (i.e., grocery store, bank, etc.).

Two Weeks Out:

- q Call media contacts and encourage them to attend.

One Week Out:

- q Make sure site is suited for media attendance.
- q Assist media as needed.

One Week After the Event:

- q Send thank you letters to all media in attendance or that provided coverage.
- q Send media not involved a post-event press release.
- q Make notes on press coverage and submit to Committee Chair for ACA's Final Report.

MEDIA RELATIONS TIPS

Publicity

Work with the media, so the media can work for you! Because more than one person communicating with the media may create confusion, during your first committee meeting designate one person to be the media contact. This person should be knowledgeable about both the company and the event, as well as extremely articulate and enthusiastic.

Once you have selected a media relations person, he or she should make a brief call to the local media to explain the purpose of the event and determine who would be the best contact in each media organization. By having a contact name, you have a better chance of ensuring coverage.

Below is a list of ways to keep in contact with the various media outlets in your community. However, before you even start contacting the media, make sure you have a list of people who are willing to be interviewed. ACA suggests determining this list during your first set of committee meetings—make sure the people who agree are knowledgeable about the event, the company or personal finance issues. These people should also be exciting, articulate and fun.

Newspapers

ACA Public Relations and Fundraising Specialist Kalin LeBrun can help you build a media list. Once you have it in hand, you can see a sample press release to be sent to your local print media. You may wish to make a brief phone call before sending the release to find out which contact at the organization should receive the release. Generally, the best contact will be the person responsible for covering community events or business news. The release can be sent to several appropriate contacts at a newspaper or magazine, but avoid sending it to those who would have little interest in covering the event, judging by their beat or job title.

The “pre-event” release should be sent 14 to 18 days prior to the event. This will let the public know when the event will take place and the importance of National Credit Education Week. Two days after sending the release, have the Media Relations Coordinator make a follow-up call to those on your media list to request that a reporter cover the event. Since reporters are often in a rush, give them a quick pitch including who, what, when, where and why your event should be covered.

The “post-event” release should be sent as soon as your event is over. This is another opportunity to create awareness of the program. Visual images of news are particularly important to print media. Make it a point to take photos at your event, and send the pictures along with your post-event release.

TV Coverage

Again, ACA Public Relations and Fundraising Specialist Kalin LeBrun can help you build a media list. Once you have it in hand, remember that gaining TV coverage requires a little more persistence than print coverage, since you need to enlist support of the local stations *before* your event takes place.

Radio Coverage

ACA Public Relations and Fundraising Specialist Kalin LeBrun can help you build a media list. Once you have it in hand, The process of seeking radio coverage is similar to that of TV. E-mail or fax your pitch letter to the news director and producers and explain why their listeners would be interested in learning about National Credit Education Week. When making your follow-up calls, remember that radio strives to “paint pictures” for the listener, so use descriptive and attention-getting words in your pitch. Possible programs to target are:

- § News programs.
- § Phone-in programs.
- § Finance/business talk shows.

Community Calendars

Use print and electronic media (television/newspaper/Web sites) to announce your event to consumers and businesses. Upcoming events are often listed in a “community events” section of print and Web

publications. Some cities have recorded community information telephone lines that list upcoming events. Look for community billboards in high traffic areas—such as malls, grocery stores and banks—where you may be allowed to display NCEW posters. Identifying these opportunities and assigning them to committee members should be done at your first committee meeting.

Proclamations

Often state and city officials are willing to issue an official proclamation or pass a resolution to formally recognize a special week or month. As early as possible in your planning process, contact governors, mayors, city council members, boards of supervisors, boards of education and civic organizations asking them to recognize National Credit Education Week. See sample proclamation request letter.

If you arrange for a proclamation, make sure the media knows about it. Invite your local media to the signing ceremony and pass out copies of the proclamation or resolution. ACA International is working on getting President Bush to sign a national proclamation—we will inform you if this happens.

Other Media Tips:

- § The best time to send a press release or pitch letter is either Monday afternoon or Tuesday morning. Avoid sending releases or letters on Thursday or Friday, since important contacts may not be available late in the week.
- § Send the local news media invitations to your event. If your budget allows, send out press kits that include industry statistics, a company profile, press releases, quotes from leaders involved in the event, photos with captions and an event schedule.
- § Ask local media to co-sponsor the event as well. This is the easiest way to get coverage, as any media organization supporting your event as a sponsor is sure to promote the event, too.

EVENT EXPENSES

National Credit Education Week can be done on just about any scale. However, getting the big attention you want can involve putting on an elaborate show, which means spending some money. You may find it helpful to share these expenses by enlisting the support of sponsors. Often other organizations will donate goods and services to help your event if you explain it is a public service campaign. Such “gifts-in-kind” could include: an outdoor banner donated by the local sign company; promotional inserts sent to customers of a bank, credit union or utility company; or tables, chairs or public address equipment provided by a rental company. There are many donation opportunities, depending on the type of event you organize.

Joining forces with other ACA members in your area can really benefit your program and boost your success. What better way is there to come together and improve the image of the industry as a whole? To cooperate successfully, make sure everyone involved understands the time and financial commitments involved with such a project and that everyone contributes either equitably or commensurately with the size of their business.

Following are some of the items/expenses that may require funding support:

- § Name tags.
- § Refreshments.
- § Prizes.
- § Balloons, banners, signage, promotional items.
- § Standard supplies—pens, tape, glue, etc.
- § Printing of the quiz handouts.
- § Postage.
- § Advertisements.
- § Cost of the event space.

Material Available through ACA

If you are interested in ordering any of the following items, contact Jean Cottington at (952) 928-8000, ext. 104:

- § National Credit Education Week posters.
- § “Making the Most of Your Money” brochure.
- § “Your Rights Under the FDCPA” brochure.
- § “Careers in Collections” brochure.
- § “What to do If You Receive a Collection Notice” brochure.
- § Three PowerPoint presentations to help Young Adults, Senior Citizens and the Economically Disadvantaged understand financial issues affecting their lives.

Getting Help

Below is a list of potential partners you may wish to approach for sponsorship of your NCEW event. See a sample letter of support that you can customize and send to each sponsor.

Potential NCEW sponsors

- § Local media outlets.
- § Financial institutions.
- § Better Business Bureau or the local Chamber of Commerce.
- § Consumer reporting agencies or associations.
- § Libraries or educational groups.
- § Department stores.
- § Shopping centers.
- § Local government centers.
- § Consumer credit counseling services.
- § Universities/colleges.

FREQUENTLY ASKED QUESTIONS

As you work to publicize your event, you may be asked for more details about the purpose of the campaign. To help you prepare, the following Q&A lists possible questions and suggested answers that appropriately address the mission of National Credit Education Week. This Q&A may also serve as a handout for presentations or displays.

What is National Credit Education Week and what is its purpose?

National Credit Education Week (NCEW) is a public service campaign that seeks to remind consumers that by simply paying bills promptly and using credit wisely, they are developing good money management habits that will benefit their financial health and peace of mind. NCEW educates consumers about budgeting, using credit wisely and protecting their access to credit in order to ensure success in their personal financial goals.

NCEW is a national campaign sponsored by ACA International, the Association of Credit and Collection Professionals.

What is the message of NCEW?

The NCEW message benefits all consumers:

- § For those that are successfully navigating the world of credit, NCEW serves as an opportunity to pat themselves on the back, and perhaps share their knowledge with friends and family. Sound financial management is difficult, especially in these days of the “buy now, pay later” ethic. The millions of Americans who accomplish that month after month should recognize their hard work and discipline.
- § For those who are new to credit, NCEW is a great way to learn about how credit works. The first challenge consumers have in our credit system is just getting started. Knowing how to establish a credit history will help consumers avoid the frustration of being turned down for initial credit transactions. Starting off on the right foot is important when it comes to credit use, because it can take a long time to recover from your mistakes.
- § NCEW brings hope and opportunity to everyone who has had a few bumps and bruises in their credit experience. The best thing about our credit system is that it is designed to “screen people in,” not screen them out. Having financial challenges does not make one a bad person, and our credit system is careful to provide opportunity for improvement. Learning how credit works will help consumers take advantage of opportunities for improving their credit and avoid problems in the future so that credit can once again be a tool for accomplishing their financial goals.

Wouldn't collectors go out of business if consumers paid their bills on time?

Collection professionals see the need for credit education every day, and recognize that, as a vital part of the credit system, collectors have an obligation to help provide this community education.

Our goal with this event is to promote sound financial management. Consumers who are contacted by collection services have not paid their past-due bills. The payment of that debt benefits many segments of society, including the consumer, the creditor, other consumers, the economy and the collector.

How much do consumers buy on credit?

Our economy is based on credit. Today non-cash transactions made by credit and debit cards (62.7 billion) outnumber two-to-one those made by check (30.6 billion). Total consumer credit outstanding in the U.S. now exceeds \$2.5 trillion. Education is needed to help consumers understand how the use of credit impacts their financial well-being.

Millions of businesses depend on credit to drive their sales and revenue by allowing their customers to use flexible payment options. A “credit” transaction is anything other than cash-in-full and up-front. When a business performs a service and bills for it after the fact, it is relying on the customer to make good on the promise to pay. If customers don't pay, the business takes a loss. Everyone should be

concerned about bad debt because there is no such thing as an “unpaid” bill. Those who pay their bills end up paying for those who don’t, in the form of higher prices. Collectors minimize the impact of bad debt and save each American household \$354 a year according to a study conducted by PricewaterhouseCoopers in 2007.

How does credit affect our standard of living?

Businesses meet the desires and daily needs of American consumers so skillfully that we take it for granted. But it wasn’t until our modern credit system developed that consumer goods and services became readily available to the average American. Consumer credit gives us flexibility in our financial planning and options for buying what we need and want.

What are the basic principles of wise credit use?

- § Use a budget. Your budget is your own personal plan for money management. Always cover living expenses—your needs—first, leave room for savings every pay period, and determine how you can achieve your “wants” while living within your means.
- § Shop carefully. Credit offers can be found almost everywhere you go, but there can be a dramatic difference in terms from one lender to another. Evaluate offers to find the deals that are most favorable to you.
- § Know your limits. Overextending yourself to the point where you have trouble paying your bills is a sign that you’ve had too much of a good thing. Don’t commit to larger payments than you can handle. Use your budget to determine how much is too much.
- § Build a good credit record by consistently paying your bills on time.
- § Notify your creditors right away if you change your address or if you cannot make a payment on time.
- § Check your credit report regularly. Errors on your report can end up costing you money, or can even be evidence that you are a victim of identity theft. Contact consumer reporting agencies at least once a year to be sure that your credit record is both complete and accurate.

Why is using credit wisely important?

- § **Building solid credit.** A solid credit history enables consumers to make credit an option for accomplishing large and small financial goals, such as buying a home, buying a new car, paying for college or taking a vacation.
- § **Saving for the future.** When people rely too heavily on credit, they end up paying high interest rates that can be a drag on their finances for years to come. This is money that could be going toward their savings account or retirement fund.
- § **Sense of accomplishment.** Looking at the increasing statistics of consumer debt and the number of accounts placed with collection agencies each year, anyone can see that managing personal finances is not an easy task. When consumers develop the positive habits of paying bills consistently on time and using credit within their means, they can be proud of the way they are building a healthy financial track record.

What questions should you ask yourself before entering into a credit agreement?

- § Is this item/service worth getting into debt for, or should I wait until I’ve saved up the cash to buy it?
- § Will the payments fit easily into my budget?
- § Is my income reasonably secure?
- § Does my budget allow me to adequately cover these new obligations? When using credit cards, have in mind a plan to pay off the item before you put it on the card.

What if you can’t get credit?

You’ll be required to pay cash, even for large purchases. This may mean you are unable to take advantage of sales or special discounts. You might have to make advance deposits for services such as utilities. The conveniences provided by credit are so commonplace today that we often take them for granted. But imagine if your phone company required a two-month deposit before it would agree to provide you with service, or if your home improvement store wouldn’t sell you a new refrigerator unless you paid cash up front. Without the support of a modern, efficient credit system serving consumers and businesses alike, these scenarios would be the norm rather than the exception, because without checks and balances, the risk of loss would be too great.

What is a safe debt limit for me?

Every household has different expenses, needs and goals. This means the debt you take on spends part of your future income and reduces funds that you will have for living expenses and savings. A frequently used guideline is that the monthly amount you pay on debt payments and personal loans (excluding housing, food, insurance and utilities) should not be more than 20 percent of your monthly gross income. Debt obligations in excess of 20 percent are a warning sign, and you should consider making adjustments where possible and avoid taking on additional debt.

What are the warning signs that you've taken on too much debt?

- § You are spending more than 20 percent of your take-home pay for debt payments and personal loans (excluding housing, food, insurance and utilities).
- § Your credit card balances are stubbornly refusing to shrink. Ideally, you should pay off the balance in full each month. But if that isn't realistic, make sure they are getting smaller with each statement; don't pay only the minimum payments. If your debt is growing month after month, you're headed for trouble and should make changes to reverse the trend as soon as possible. Don't be afraid to seek help. A community-based credit counselor can provide options you may not be able to find on your own.
- § You aren't saving on a regular basis. Building savings over time is the best way to prepare for the unexpected financial challenges life throws your way. Try to save at least something every pay period, and work toward saving a total three months' worth of your income.
- § You are using credit to cover day-to-day living expenses. If this is the case, you really aren't paying your bills; you're only delaying the inevitable financial crisis. The longer you wait to recognize the problem, the more difficult it will be to recover.
- § You've reached your credit limit. Not only can it be embarrassing to have your credit card denied during a purchase, but it can also cost you money. The typical over-limit fee is \$35. Hovering close to your credit limit will lower your credit score, because it makes you appear to be a higher risk to lenders.
- § You've fallen behind. You're probably aware by this time that something's not right. But even if it was just an oversight, such as misplacing an invoice or forgetting to send a payment before leaving for vacation, this can be a sign that you need to review your money management habits.

Why is it so important to pay bills on time?

First and foremost, paying on time builds a good credit reputation so that when you want to use credit in the future, it will be available to you.

Second, good payment habits help foster peace of mind and self-esteem. People experience enough stress in their daily lives without having to worry about financial problems that could be avoided by handling credit responsibly. Good credit management means you are able to plan for your future.

Overextending your credit to pay for things you don't need and can't really afford will end up costing you more than just money. Most people who are in over their heads would much rather be able to pay off their debts and feel financially secure.

What should people do if they find they have taken on too much debt?

- § Stop taking on additional debt.
- § Cut back first on discretionary spending such as dining out, gifts, clothing, cable or satellite television, etc.
- § Make adjustments where possible. Reduce living expenses by shopping for sales or bringing lunches to work.
- § List all income and expenses and make a budget. Prioritize your spending. Look for ways to increase income or reduce expenses.

What should people do if they cannot pay their bills?

- § If you can't pay a bill, contact your creditor promptly. Credit grantors are often willing to work with customers who are upfront and honest about the situation. Explain the reason for your difficulty and how you plan to get caught up. Be specific. If you can't pay the amount due, propose a revised schedule of payments. Be sure to make it clear that you intend to honor your debts. Failing to communicate with the creditor will make the problem worse.
- § Pay cash for whatever you buy until you are caught up with your payments. Put away your credit cards until you are in control of your spending again. Don't use credit to cover your living expenses for an extended period of time. Doing this is not really *paying* your bills—it just allows you to temporarily be in denial about the reality of your financial situation.
- § Consider consolidating your debts into a single loan at a lower interest rate, but be aware of potential drawbacks. For example, if the consolidation loan is secured by your house or other property, you could lose that property if you cannot pay the new loan. If you use the new loan to pay off credit cards, make sure to close those card accounts and avoid opening new ones until you're back in control. Otherwise, you could find yourself right back where you were, deep in credit card debt, and this time you may not have the option of consolidation.
- § Consider getting help from a reputable non-profit credit counselor. You can find the nearest service by calling the National Foundation for Credit Counseling at 1-800-388-2227 or by visiting its Web site at www.nfcc.org.

What should you do if you receive a collection notice?

First, stay calm. Just as consumers depend on income to pay their living expenses, the people who sell goods or services on credit depend on your payment to meet their own expenses. They trusted your promise to pay. By the time your account has been turned over to a collection specialist, the creditor has probably carried the account for several months. Those who sell goods must be able to collect their accounts to stay in business.

Second, contact the collection office. If you believe you don't owe the bill, tell the collection office. If you do owe it, tell the collection office when it can expect your payment. If you cannot pay the bill, tell the collector why. Remember that collectors can work with you to resolve the problem. Let them help you.

Debt collectors often find themselves counseling consumers on how to work through financial problems. After all, when collectors help consumers, they also help their credit grantors and themselves.

Do people who don't pay their bills really cause prices to rise?

There's no such thing as an unpaid bill. Those of us who pay our bills end up paying for those who don't, in the form of higher prices passed onto consumers to make up for losses to bad debt. A study conducted by PricewaterhouseCoopers in 2006 shows that collectors save the average American family \$351 a year. This represents money they would have spent on the increased cost of goods and services if businesses raised their prices to cover their losses to bad debt instead of recovering the revenue through a collection agency. A healthy economy depends on our credit system working efficiently and on the good faith of consumers to pay their financial obligations.

National Credit Education Week

April 19-23, 2010

A Quiz on Credit Basics

Our credit system is a remarkable thing. It provides opportunities for people of all walks of life to achieve things that previously were reserved only for those of privilege. Owning a house, earning a college degree, starting a business—these dreams come true every day thanks to the idea of *credit*. But if credit is misused or consumers are unaware of their rights in a credit transaction, what had once been a dream come true can wind up feeling more like a burden. Knowing how credit works and how to use it wisely is essential to accomplishing your personal financial goals. How much do *you* know about credit? Take the quiz to find out!

- 1. What is the single most important way to maintain a positive credit history?**
 - a.) Avoid cosigning loans for others.
 - b.) Pay your bills on time.
 - c.) Avoid exceeding your credit limit on revolving accounts.
 - d.) Transfer credit balances often to take advantage of low introductory rates.
- 2. Which of the following is an example of a revolving account?**
 - a.) Auto loan.
 - b.) Mortgage.
 - c.) Student loan.
 - d.) Credit card.
- 3. Your credit history can have an impact on which of the following?**
 - a.) Your application for a credit card.
 - b.) The rates you pay for auto and home insurance.
 - c.) Your job application with a prospective employer.
 - d.) All of the above.
 - e.) None of the above.
- 4. Which of the following balance calculation methods used by credit card companies results in the most expensive credit terms (assuming the interest rates are equal), and is the one you should avoid when evaluating credit card offers?**
 - a.) Two-cycle average daily balance, including new purchases.
 - b.) Average daily balance, excluding new purchases.
 - c.) Two-cycle average daily balance, excluding new purchases.
 - d.) Average daily balance, including new purchases.
- 5. Aside from the annual percentage rate, what is the most important factor to consider when choosing between several credit card offers?**
 - a.) Length of the grace period.
 - b.) The balance calculation method.
 - c.) The annual fee.
 - d.) The fee for late payments.
- 6. Your credit card is stolen and the thief runs up a total of \$1,000. You notify the issuer of the card as soon as you discover it is missing. What is the maximum amount that you can be obligated to pay according to federal law?**
 - a.) None.
 - b.) \$50.
 - c.) \$1,000.
 - d.) \$500.

- 7. Which of the following debts can be discharged (wiped out) when you file for bankruptcy?**
- a.) Child support.
 - b.) Student loans.
 - c.) Taxes owed to the IRS.
 - d.) All of the above.
 - e.) None of the above.
- 8. Which of the following costs are expressed in a credit offer's annual percentage rate?**
- a.) Annual fees, acceptance fees and interest.
 - b.) Annual fees, late fees, over-limit fees and interest.
 - c.) Annual fees, credit-loss protection insurance and interest.
 - d.) Interest.
- 9. Saul must borrow \$10,000 to complete his college education. Which of the following would NOT be likely to reduce the finance charge rate?**
- a.) If the loan was insured by the federal government.
 - b.) If his parents cosigned the loan.
 - c.) If he went to a state college rather than a private college.
 - d.) If his parents took out an additional mortgage on their house for the loan.
- 10. Which of the following statements best describes your right to check your credit history for accuracy?**
- a.) Your credit record can be checked at any time for free.
 - b.) If you are turned down for credit based on information the creditor obtained in a consumer report, the report can be checked for free.
 - c.) Most people will have to pay to receive a single copy of their credit record each year, but the fees are low and cannot exceed the maximum amount set by law.
 - d.) Access to credit records is reserved for lenders and government agencies. Individuals cannot see their credit records.
- 11. Which of the following statements is true?**
- a.) If you missed a payment more than five years ago, it cannot be considered in a loan decision.
 - b.) People have so many loans it is very unlikely that one bank will know your history with another bank.
 - c.) Banks and other lenders share the credit history of their borrowers with each other and are likely to know of any loan payments you have missed.
 - d.) Your bad loan payment record with one bank will not be considered if you apply to another bank for a loan.
- 12. Which of the following is a way to establish credit history if you currently have none?**
- a.) Open a savings account with a federally-insured financial institution.
 - b.) Do business with a rent-to-own store.
 - c.) Open an account in your name with a local utility company.
 - d.) Apply for government assistance programs.
 - e.) Borrow and repay a series of small, personal loans from a check-cashing or payday lender.
- 13. Debbie has agreed to cosign a loan with her son so he can be approved for an auto loan from the bank. Which of the following is a risk Debbie is taking as a cosigner?**
- a.) Debbie will have to carry an additional auto insurance policy in her name on her son's car.
 - b.) If her son does not repay his loan, Debbie's own car will be taken by the bank.
 - c.) If her son does not repay his loan, Debbie will be responsible for making the payments on his car.
 - d.) As the principal applicant on the loan, only her son is responsible for the payments, but Debbie may be contacted by the bank if her son does not repay the loan.

Quiz Answers

1. **Answer: B.** The formulas used to determine your “credit score” place the most weight on your bill paying habits. Paying your bills on time is the best way to build a positive credit history. It’s also the best way to improve a low credit score.
2. **Answer: D.** Credit cards, as revolving accounts, have no set period of time in which they must be paid off. You can take as long as you like to repay, during which time you are free to borrow-up and pay-down the balance repeatedly. Most auto, mortgage and student loans are installment loans, requiring a predetermined number of equal monthly payments.
3. **Answer: D.** Credit grantors check your credit history before deciding whether or not to lend to you. Many insurers also check your credit, because poor credit history is an indication that a person is more likely to result in financial loss to an insurer. Prospective employers can check the credit history of a job applicant, but not without the applicant’s permission. For employers, credit history can be an indication of your reliability and integrity.
4. **Answer: A.** Credit cards usually use a combination of two factors: Average daily balance or two-cycle average daily balance; and “including new purchases” or “excluding new purchases.” A two-cycle card retroactively eliminates your grace period by going back to the previous billing cycle and charging you interest for any balances you carried, as well as on the current billing cycle. With an average daily balance card, balances paid off within the billing cycle incur no finance charges. “Including new purchases” means that new charges made during the current billing cycle will incur finance charges right away, while a card that uses “excluding new purchases” will not hit you with a finance charge for the added amounts until next billing period.
5. **Answer: B.** Although each of these should be considered when choosing a credit card, the one that will most directly affect how much you pay in finance charges, other than the annual percentage rate, is the balance calculation method.
6. **Answer: B.** The Fair Credit Billing Act limits your liability for unauthorized use of your credit card to \$50. If you had reported the card stolen before the thief was able to make charges, or if the loss involves your credit card number but not the card itself, you have no liability for unauthorized charges.
7. **Answer: E.** None of these debts can be discharged in a bankruptcy. They will remain as financial obligations even after bankruptcy is filed.
8. **Answer: A.** The annual percentage rate (APR) includes the interest and all mandatory fees in order to give you the true cost you’ll pay each year to borrow the money. Many cards have no acceptance fees or annual fees. Penalty fees are not calculated in the APR. Credit-loss insurance is always an optional feature.
9. **Answer: C.** The cost of credit increases with risk, so the lower the risk to the lender, the cheaper the loan. When a guarantor, such as the federal government, insures the loan, the lender’s risk is lessened. A cosigner reduces the lender’s risk by agreeing to pay the loan if the primary borrower defaults. Securing a loan with property or something of value gives the lender collateral to offset a loss to default.
10. **Answer: B.** The Fair Credit Reporting Act of 2003 makes available to consumer one free consumer report from each of the major consumer reporting agencies per year. But any time you apply for credit and are denied based on what your consumer report says, you have the right to check your report for errors at no cost.

11. **Answer: C.** Creditors report on their customers to a consumer reporting agency in order to share with each other information on a customer's creditworthiness. Information in a consumer report is generally limited to seven years in order to give consumers a chance to recover from past mistakes and improve their credit.
12. **Answer: C.** Savings account information is not reported to a consumer reporting agency because it is not a consumer credit obligation. Government assistance programs, check cashing businesses, payday lenders and rent-to-own retailers usually do not report to credit bureaus. Utility companies generally do report to consumer reporting agency, so having household utility accounts in your name can be a simple way to start building positive credit history.
13. **Answer: C.** By cosigning a loan, you are agreeing to repay the loan if the primary applicant defaults. Debbie's car is not the collateral for her son's loan, so the bank cannot repossess Debbie's car.

How Did You Do?

10+

Way to go! You are on your way to being a credit pro. But remember that having the answers only helps when you also apply them in practice to your daily life. The whole idea is to develop sound money habits that will benefit you for years to come.

8-9

Pretty good. You're familiar with most of those tricky terms that were thrown at you. Congratulate yourself and stay encouraged to keep learning about credit.

5-7

Not bad. But before you pat yourself on the back, take another look at how you use credit. Consider checking your consumer report and reviewing it with someone you trust on financial matters.

4 or less

Learning about credit is a lifelong process! We've only scratched the surface with this quiz—there's so much to know when it comes to your personal finances. And the more you know, the more you realize how important credit is to achieving your financial goals.

SAMPLE PROCLAMATION REQUEST LETTER

<date>

<address of official>

To Whom It May Concern:

Below is the proposed text for a proclamation letter from the <official>.

Each year during the third week of April, members of ACA International, the Association of Credit and Collection Professionals, sponsor National Credit Education Week. The event is a public service campaign to educate consumers on personal finance issues such as budgeting, using credit wisely and knowing their rights in financial transactions so that credit can be available to help them accomplish their financial goals.

Please consider proclaiming the week of April 19-23, 2010 as National Credit Education Week. This proclamation should be sent via standard U.S. mail to: <your name and address>, by April 1.

Thank you for your time. If you have any questions, you can contact me at <your phone number>.

Sincerely,

<your name>

WHEREAS, members of ACA International, the Association of Credit and Collection Professionals, in cooperation with banks, credit unions, savings and loans, financial institutions, retail credit companies, consumer reporting agencies, consumer credit counseling services, collection agencies and many other credit-related organizations throughout the United States, are observing National Credit Education Week in the spirit of free enterprise in America, and

WHEREAS, the country's economic health rests in part on the consumer's wise use of credit and good money management skills; and

WHEREAS, the prompt payment of bills will help prevent higher prices and curb inflation, as well as give the consumer peace of mind and the right to use credit; and

WHEREAS, ACA International, the Association of Credit and Collection Professionals, comprised of over 6,000 credit and collection professionals, is sponsoring an educational program designed to help young adults and consumers use credit with caution, spend money wisely and pay bills promptly;

NOW, THEREFORE, I, <name of official>, <office held>, do hereby proclaim April 19 through April 23 as National Credit Education Week in <jurisdiction> and commend this observance to all citizens.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of _____ in the year two thousand eight.

<Signature>

SAMPLE NEWS RELEASE

***Pre-Event News Release:** Simply customize this release to your event and copy on your company's letterhead. This release should be sent out to media contacts in your area at least 14 to 18 days before your scheduled event.*

NEWS RELEASE

Contact Information:

<Name>

<Company>

<Phone Number>

<E-mail Address>

FOR IMMEDIATE RELEASE

Local Businesses Helps Launch New Consumer Education Web Site

<Company Name> unveils Ask Doctor Debt as part of National Credit Education Week

(CITY, Date)—<Company name>, a local <nature of company, i.e. collection agency> is participating in National Credit Education Week (NCEW) April 19-23. Sponsored by ACA International, the Association of Credit and Collection Professionals, NCEW is a public service campaign to educate consumers on the basics of personal finance. The theme for this year's campaign is *Ask Doctor Debt!*

Ask Doctor Debt is a brand new, completely free Web site (www.AskDoctorDebt.com) that serves as an online version of "Dear Abby" for consumers with credit and debt collection questions. Featuring a searchable FAQ database, the ability to submit questions via e-mail and loaded with financial literacy resources, tools and links, the goal of *Ask Doctor Debt* is to help consumers find the information they need to make wise decisions about their own personal financial situations.

Created by the ACA International Education Foundation, *Ask Doctor Debt* is a direct result of ACA Members like <Company Name> seeing on a daily basis just how critical consumer education is to ensuring a healthy exchange and smooth resolution between consumers and collectors regarding unresolved, past-due debts.

"We feel like National Credit Education Week is the ideal time to help ACA International officially launch *Ask Doctor Debt*," said <company contact person name and title>. "This Web site is a fast, free and friendly way for consumers to gain a better understanding of their rights and options when it comes to credit and debt issues. We want consumers to know that we are here to help, and in educating them about their situation, it makes our job easier as collectors with finding a solution that is feasible for everyone involved."

<Company Contact Person> is available for talk radio, television and print interviews regarding *Ask Doctor Debt* and National Credit Education Week, including taking consumers' questions on air in relation to their credit and debt situations.

To find out more about this national public service campaign, visit <http://www.nationalcrediteducationweek.com> and <http://www.AskDoctorDebt.com>.

###

SAMPLE SUPPORT LETTER

Send on company letterhead.

Dear <Name>:

On <event date>, an exciting event is happening right here in <city>! <Company name> is joining together with other credit and collection professionals to promote National Credit Education Week, a public service campaign to educate consumers on the basics of personal finance.

As a business professional, you see the need for credit education every day. Consumers who misuse or misunderstand credit can hurt your bottom line, as well as their own financial future. A more creditworthy community benefits everyone, and we can achieve this through education.

To make this week a success, we need your help. Please consider one of the following options as a way to support our efforts to educate consumers on the need for proper financial management now and in the future.

I would like to co-sponsor your National Credit Education Week event.

I would like to donate \$_____ to your event.

I am interested in donating goods and services.

I would like to volunteer to help staff or plan your event.

I am not interested.

We appreciate your support. If you have questions or would like more information, please feel free to contact me.

<Your name>

<Company name>

<Company address>

<Phone and fax number>

Sincerely,

<signature>



Public Service Announcement

Contact: Kalin LeBrun, Public Relations and Fundraising Specialist, ACA International
(952) 928-8000, ext. 105, or lebrun@acainternational.org

NATIONAL CREDIT EDUCATION WEEK

Start date: April 19
End date: April 23

Words: 100

ANNOUNCER:

Today, more than ever, many of us are facing real challenges when it comes to credit and debt. April 19th to 23th is National Credit Education Week. This year's centerpiece is a brand new, completely free consumer education Web site called *Ask Doctor Debt*. You can find it online at www.AskDoctorDebt.com. This free and confidential Web site was created by ACA International, the Association of Credit and Collection Professionals. It's modeled after Dear Abby, and it's a place where you'll find free answers to your credit and debt collection questions. Check it out online at www.AskDoctorDebt.com. Once again, that's www.AskDoctorDebt.com.

National Credit Education Week
April 19-23, 2010

© 2009 ACA International Education Foundation. All Rights Reserved.