

# Debt Cetera...

## Saving Tip

### "The Rule of 72"

Have you ever wondered how long it would take to double your money at a given rate of return? The Rule of 72 provides the answer. It's simple. Just divide 72 by the interest rate or return you are receiving and the result is the number of years until your money doubles. For example, if your return is 10%, your money will double in 7.2 years. At 15%, your money would double in 4.8 years.

As you can see, investing wisely will help your savings grow exponentially.

## Survey Says...

- According to the Consumer Federation of America and Visa, 42 percent of all women surveyed have less than \$500 in emergency savings.
- The CFA and Visa invite women to take part in a special savings challenge at [Save500challenge.org](http://Save500challenge.org).

## Saving Is The Opposite of Debt

By Rory Brannum

As the debt load of the average American continues to grow, an obvious culprit becomes clear: the empty piggy bank. Even after taking positive measures to avoid the lure of commercialism, many consumers fall into the canyon of debt as the result of unexpected family needs or emergencies. How can you avoid the debt trap? Start saving now to avoid the pressure to borrow later.

If you've never saved before, reaching a significant savings goal can seem daunting. But, as the old saying goes, the key to eating an elephant is to do it one bite at a time. So swallow and get started. You'll be reaching your goals soon enough.

What is a good savings goal, anyway? There are many answers and all are



**Saving Small Amounts on a Regular Basis Adds Up**

correct. Here are some suggestions. (*The good news is that you get to choose which option is best for you and your family.*)

- Three-to-six months of take-home pay, or
- Three-to-six months of living expenses, or

- Ten percent of your earnings each year, or
- \$1000, \$500, or any other amount that lets you prove to yourself that you can save

If none of these options seems appropriate, you're free to set your own target.

As you strive to reach your goal, you'll probably give a closer look to your budget each month, reducing expenses where you can. You'll be learning

an important lesson on the relationship between saving, budgeting, and debt reduction.

For more information on saving, speak to a credit counselor and request the free pamphlet, *Saving to Build Wealth*, a Consumer Action publication.

## Hidden Treasure in Unclaimed Property - It May Be Yours

We've all misplaced our keys and sunglasses around the house. But what happens when we forget where we've left our money? As strange as it may sound, financial property is abandoned regularly. It may be a utility deposit or a small amount left in a check-

ing account after we move, or it can be a substantial amount forgotten by a relative prior to death. According to the National Association of Unclaimed Property Administrators (NAUPA), the states are safeguarding, and looking to return, over \$24 billion in

unclaimed property to its rightful owners. To see if you have unclaimed property, visit NAUPA at [www.unclaimed.org](http://www.unclaimed.org). It's free to search-and-claim, and you may be pleasantly surprised. Be sure to search every state where you have lived. Happy treasure hunting.

INTELLIDEBT

12801 N. Central Expressway  
Suite 1175  
Dallas, TX 75243

Phone: 866-761-3328

## The Intellidebt Mission

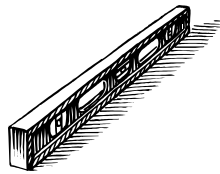
To Promote a financially sound community through counseling, educating, and helping clients establish effective debt repayment strategies.



We're on the Web  
[www.IntelliDebt.org](http://www.IntelliDebt.org)

## The Counselor's Corner

Email your questions to [TheCounselor@Intellidebt.org](mailto:TheCounselor@Intellidebt.org)



**Question:** *I recently made a couple of late payments on one of my four credit cards and paid the others on time. Now all of them have raised the interest rates very high. Are they allowed to do this?*

**Answer:** It sounds like you are the victim of a credit card practice known as **universal default**. Not only can they do it, but you most likely gave them permission to do it when you opened your account or used your credit card for the first time. Universal default allows a

bank to raise your APR to the default interest rate any time you fail to make at least the minimum payment when due, exceed your credit line, make a payment that is not honored by your bank, or **are reported as delinquent on an account with any other creditor**. In addition, credit card banks routinely monitor your credit reports for significant changes. Factors such as a drop in your credit score, getting a new credit card, or, in some cases, even inquiring about a car loan or a mortgage can put universal default into motion.

According to Consumer Action's 2005 Credit Card Survey, 44.68% of banks now have universal default policies. Unlike other interest rate changes, credit card companies

are not required by law to notify you in advance when raising your interest to the default rate.

In your case, you should contact each creditor to request a reduction. A handful of the companies that practice universal default also have policies that will lower your interest rate in the future if you meet certain guidelines, such as paying all creditors on time for the next 6 months. Even then, it probably won't be automatic. You'll have to contact them at the appropriate time and request the reduction. If your situation becomes unmanageable due to excessive interest rates, I recommend that you speak with a certified credit counselor for individual assistance.