



A Program with the
Colorado Attorney General
and the AARP Foundation



Colorado Attorney General
John W. Suthers



Better Business Bureau
serving Colorado



Are You Considering Credit Counseling or a Debt Management Plan?

You're not alone. Many people face a financial crisis some time in their lives. Whether the crisis is caused by personal or family illness, the loss of a job, or overspending, it can seem overwhelming. However, don't be scammed by companies offering to help in your time of need. Here are some tips to look out for with credit counseling and debt management plans.

Credit Counseling: If you're unable to keep track of bills within a workable budget consider contacting a credit counseling agency. Many credit counseling organizations are nonprofit and work with you to solve your financial problems. Reputable credit counseling organizations can advise you on managing your money and debts, help you develop a budget, and offer free educational materials and workshops.

Debt Management Plans: If your financial problems stem from too much debt or your inability to repay your debts, a credit counseling agency may recommend that you enroll in a debt management plan (DMP). You should sign up for one of these plans only after a certified credit counselor has spent time thoroughly reviewing your financial situation. Even if a DMP is appropriate for you, a reputable credit counseling organization still can help you create a budget and teach you money management skills.

Be wary of credit counseling organizations that:

- Charge high up-front or monthly fees for enrolling in credit counseling or a DMP.
- Pressure you to make "voluntary contributions", another name for fees.
- Won't send you free information about the services they provide without requiring you to provide personal financial information, such as credit card account numbers and balances.
- Try to enroll you in a DMP without spending time reviewing your financial situation.
- Offer to enroll you in a DMP without teaching you budgeting and money management skills.
- Demand that you make payments into a DMP before your creditors have accepted you into the program.

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