

## Questions to Ask a Debt Relief Provider

**Before You Start:** While a debt relief provider will be eager to speak with you about the services they provide and how debt relief plans work, they should never be pushy or pressure you -- it is important that you understand your rights and know what questions to ask so you can make an informed decision regarding the debt relief option that best meets your needs. Here are some vital questions to ask a debt relief provider before you decide on any debt relief option.

**What type of debt relief services do you offer?** All debt relief services are NOT alike. Some companies offer credit counseling, debt consolidation, or debt management plans (DMPs) and others provide debt negotiation or debt settlement services. As you can see from the other sections we provide in Project Debt Box, these programs are vastly different: While all programs are designed to lower payments and get you out of debt faster, how this is accomplished varies by program.

**Do you charge any upfront fees?** Consumer-friendly laws passed in 2010 make it unlawful for debt relief providers, unless they are "attorney based" from charging any upfront fees. In fact no fees may be charged until debts are successfully reduced or resolved. Debt relief providers should clearly disclose upfront any fees that apply upon the successful resolution of debt.

**How could this affect my credit?** Each debt relief program affects credit in different ways. While a debt management program will be noted on your report and not necessarily harmful to your score, a debt settlement program will typically have a negative impact on credit - although not as serious or long-lasting of an effect as bankruptcy.

**How much will this save me and how long will it take to complete the program?** Understanding the projected lower payment, total savings, and time to achieve results is very important to know upfront so any decision to begin a program is made with full transparency and confidence. You should also clearly understand what YOU are responsible for each month in order to pay down or resolve debts as quickly as possible.

**Will money I save through a debt relief program be subject to taxes?** While money saved through a debt management plan (DMP) is not subject to taxes -- money saved as a result of settling with a creditor for less than the full amount may be treated as income and subject to taxes so a debt specialist should review this so you have a clear understanding of any tax implications.

**How long have you been in business and are you BBB accredited?** It's important to know before choosing a debt relief provider, that the provider is experienced, reputable, and has a positive rating with the BBB -- which means that company has to be diligent in resolving any complaints to the consumer's satisfaction.

### Question Checklist/Review

- ✓ What program do you offer?
- ✓ Are there any upfront fees?
- ✓ How much could I save?
- ✓ How low will my payments be?
- ✓ How long until debts are resolved?
- ✓ How could this affect my credit?
- ✓ How could this affect my taxes?
- ✓ Are you a BBB accredited provider?
- ✓ Do I have to make a decision today?