



FOR MORE INFORMATION:
Doug Henderson Credit Counselors | 804-222-4660 ext. 780 | doug.henderson@repaydebt.org
Jared Myers BCF&M | 757-497-4811 | jared@bcf-m.com

1-800-REPAYDEBT | www.RepayDebt.org

NEWS RELEASE

As Consumer Debt Soars to \$2 Trillion, Tax Refunds Help Consumers Get Back in the Black

-Use tax refunds for debt reduction, advises Credit Counselors-

(Richmond, Va., March 4, 2004) – In its 2002 fiscal year, the Internal Revenue Service refunded \$183 billion to individual taxpayers. In late 2003, consumer debt reached an alarming \$2 trillion, of which \$735 billion was credit card debt. To taxpayers looking to April 15 as “cha-ching!” day, Credit Counselors suggests rolling all that dough into debt reduction.

“A tax refund is one of few instances when consumers receive a large sum of cash not already committed elsewhere, unlike regular paychecks that are earmarked for mortgages, car loans and other expenses,” said Doug Henderson of Credit Counselors, a nonprofit credit counseling agency based in Richmond, Va. “With their refunds, consumers can substantially reduce the principle on their high-interest credit cards and, in the long term, save thousands in interest fees.”

The estimated average refund to individuals from their 2001 tax returns was \$1,999, according to the IRS, with that average slightly increasing over the past two years as a result of federal tax cuts. However, the average American family has eight to 10 credit cards with interest rates ranging from 18 to 26 percent. As of June 2002, households with at least one credit card were carrying an average balance of \$8,419. So while tax refunds aren’t a “get-out-of-debt-free card” for everyone, they can certainly be a step in the debt-free direction.

“If consumers find they are applying tax refunds and other cash to debt and are still experiencing financial troubles, they should seek the advice of a Certified Credit Counselor,” adds Henderson. “But, be wary. Make sure that the credit counseling agency is a member of the National Foundation for Credit Counseling, that all of the agency’s counselors are certified by the NFCC, and that the agency is in good standing with the Better Business Bureau.”

-more-

Credit Counselors, in addition to the Debt Management Programs commonly associated with the industry, can provide consumers with free money-saving tips and budgeting advice to help escape the grip of debt. Individuals facing more serious debt can turn to Credit Counselors' Debt Management Program, which helps clients reestablish their credit rating by negotiating with creditors to lower payments, reduce interest rates and waive fees.

“Very simple methods – like cutting back on snack purchases at vending machines and not spending your entire refund on a shopping spree – can save hundreds of dollars throughout the course of a year,” Henderson adds. “That’s more money for consumers to reclaim financial security.”

Established in 1980, Credit Counselors, a nonprofit credit counseling agency, has helped more than 330,000 clients reduce their debt and gain control of their financial future. Free and confidential consultations are available in person, by phone or online. Credit Counselors is headquartered in Richmond, Va. with branches in Virginia, Maryland, North Carolina and South Carolina. The agency also is a member of the National Foundation for Credit Counseling (NFCC), the most established and trusted credit counseling trade organization, and each counselor at Credit Counselors is required to become NFCC certified. Visit Credit Counselors at www.RepayDebt.org. For more than 23 years, Credit Counselors has given support, advice and comfort for those seeking to achieve financial independence.

###