

## **A holiday wish list for American families**

*by Steve Trumble, AICCCA Board of Trustees*

American consumers have had it hard for too long.

But our economy may be finally breaking the binds to free itself from the lingering grasp of the Great Recession.

The unemployment rate decreased in almost every U.S. state last month from the previous year. Housing stats rose in October to their highest rate in more than four years. And consumer confidence increased steadily in the third quarter as U.S. employers added more jobs.

One key indicator: Credit card balances have increased. The average debt per borrower grew almost 5 percent from the same period a year ago to \$4996.00 according to the credit reporting agency TransUnion.

Consumer spending drives 70 percent of the U.S. economy. Buying is a sign of strength and confidence, and the holiday spending season will be the next big metric for how far along this long, slow recovery has come.

But we always caution consumers to set a fixed budget for holiday spending and stick to it. The holiday financial hangover can mean months of paying down debt that was incurred over just a few days of shopping. And it's easier than ever to go overboard on holiday spending with "door buster" specials, 24-hour online shopping and extended retail hours right up until Christmas Eve.

So here's a holiday wish list that doesn't require adding more household debt. Rather, it takes commitment and resolve from both government and individuals to make our financial lives a little easier.

- **Rein in the cost of higher education and make the process of financing college easier:** American students are starting to question the value of beginning their careers loaded down with debt. A recent survey by American Consumer Credit Counseling found nearly half of all respondents felt their college education wasn't worth the cost. College debt is the next housing bubble – and it's ready to burst all over American families. For the first time ever college debt now exceeds total consumer credit card debt. And traditional options that have been more affordable – like public higher education – are getting more expensive every year. Many students don't even realize how much debt they have incurred until they get their first statement after graduation. One good step: the U.S. Department of Education's Financial Aid Shopping Sheet has been adopted by more than 500 colleges and universities across the U.S. This valuable resource provides a standardized award letter allowing students to easily compare financial aid packages as

they decide on which school to attend. It takes the mystery out of the bottom line for college costs – and leads to more informed decision-making.

- **Make the most of new tools aimed at protecting consumers from overzealous or abusive debt collectors and credit rating errors:** The Consumer Financial Protection Bureau is flexing its muscles to the benefit of American households. Large collection agencies, debt buyers and collection law firms are now subject to enhanced scrutiny and examination by the CFPB. So too are credit rating agencies, which have tremendous impact on the financial profiles of all American consumers and their ability to get the best terms on financing. While the CFPB is doing its part, consumers must do theirs also. That means being attentive and vigilant in monitoring their credit reports; maintaining a budget and paying obligations on time; and reporting abusive debt collection practices to the CFPB, Federal Trade Commission or appropriate state authorities.
- **Use the power of smart consumerism to do more than just spend. Shop for savings too:** American consumers should put the same time and effort into finding the best deals on savings rates, credit cards, mortgages and investments as they do into buying new appliances, furniture or a car. The long-term payoff can mean thousands of dollars a year just by making their hard-earned savings work harder for them. Bankrate.com offers some of the best comparisons for savings account, CD and mortgage rates. TreasuryDirect.com is a one-stop marketplace for everything consumers need to know about buying government securities such as savings bonds, Treasury bills, notes and bonds. Smart budgeting tools can help keep your household finances on track. A host of such resources can be accessed at the Association of Independent Consumer Credit Counseling Agencies web site (AICCCA.org), at American Consumer Credit Counseling's ConsumerCredit.com or through any number of AICCCA's more than 25 member agencies.

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