

The background is a blurred image of a financial chart or spreadsheet. A pen is visible in the upper right corner, pointing towards the chart. The chart shows a line graph with several data points. Some of the visible numbers include '2.5' on the left, '2.47' on the right, and '2.0' at the bottom left. The overall color scheme is a muted blue-grey.

Dealing With Debt

1 Hour | CENTS

Agenda

- Welcome to CENTS
- Common Debt Challenges
- Debt Inventory
- Budgeting
- Credit Counseling and Debt Management Plans
- Legal Options: Debt Attorneys and Bankruptcy
- Dealing With Debt Collectors and Consumer Rights
- Additional Protections, Potential Scams, and More Resources
- Positive Next Steps
- Wrap-up and Q&A



Welcome to CENTS

- Seattle-based nonprofit founded in 1995
- Co-founded by a federal bankruptcy judge and financial professionals
- Provides free, independent financial education and legal resources
- Serves seniors, students, cancer patients, justice-involved individuals — and now veterans
- Focused on practical tools, not financial products
- This program is supported by the American College of Bankruptcy Foundation.



Common Debt Challenges

- Transition costs, lost income, medical bills
- Delays in benefits or job placement
- Predatory lenders target veterans
- You are not alone



Financial Stress & Partners

- Shared money = shared stress
- Not everyone is on the same page
- Communication helps avoid crisis





Debt Inventory Activity

- List your debts: creditor, balance, payment
- Include credit cards, loans, collections
- What causes the most stress?

Budgeting

This may not be a final solution, but it's an important first step in any debt resolution

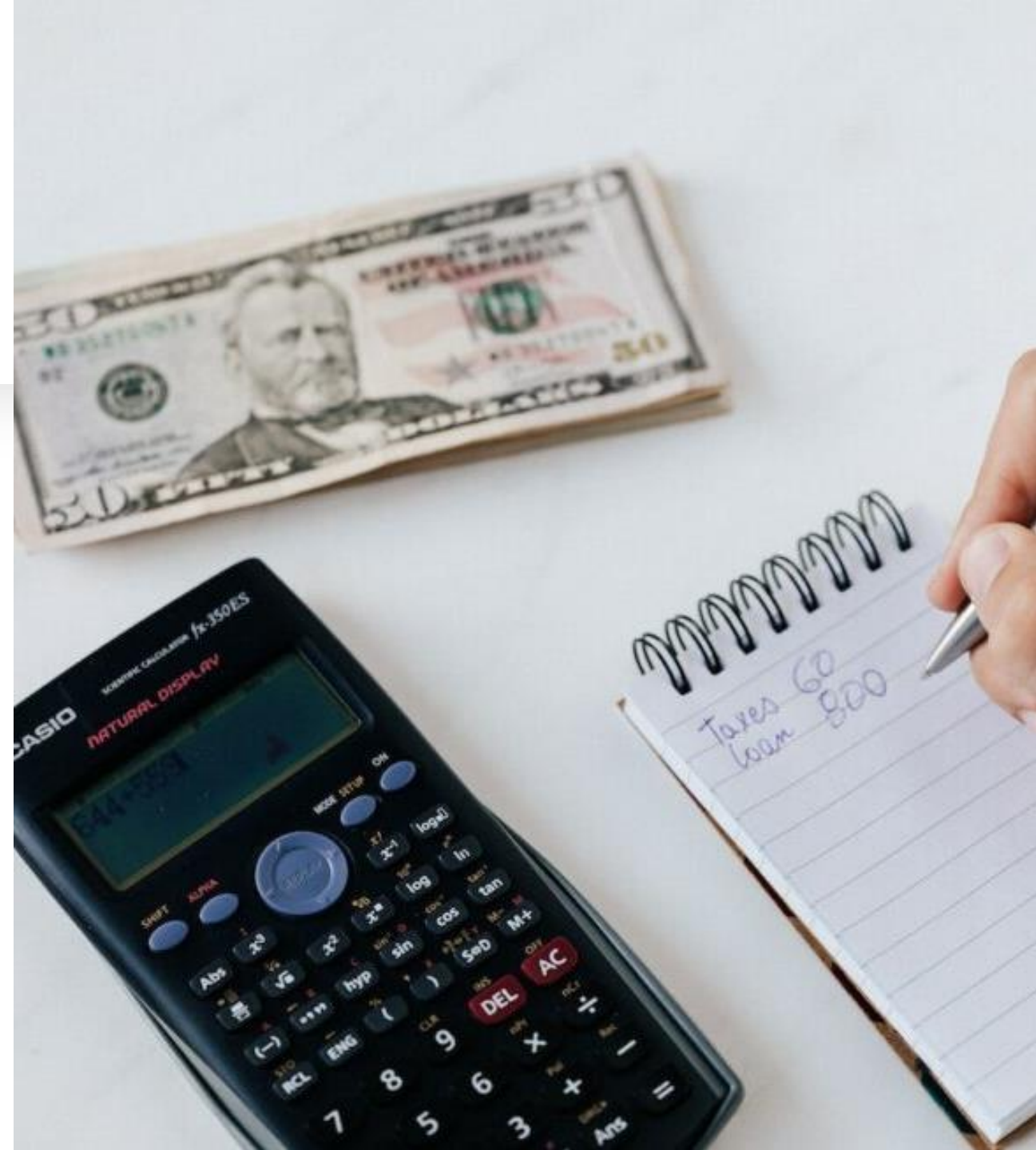
Budgeting Basics



- Income – expenses = what's left
- Budgeting isn't punishment, but a tool
- Aim for realistic, not perfect

Prioritizing Payments

- Pay essentials first: housing, food, transportation
- Health and auto insurance can prevent future debt
- Then focus on past-due or high-impact debts
- Don't ignore court notices or lawsuits



Avalanche vs. Snowball

- Avalanche = highest interest first
 - Most effective money saver
- Snowball = smallest balance first
 - This can help if you need the motivation of seeing quick wins
- Choose what keeps you going



Credit Counseling and Debt Management Plans

Credit Counseling & DMPs

- Nonprofits can help you make a plan
- Debt Management Plans (DMPs) combine bills
- Watch out for scams



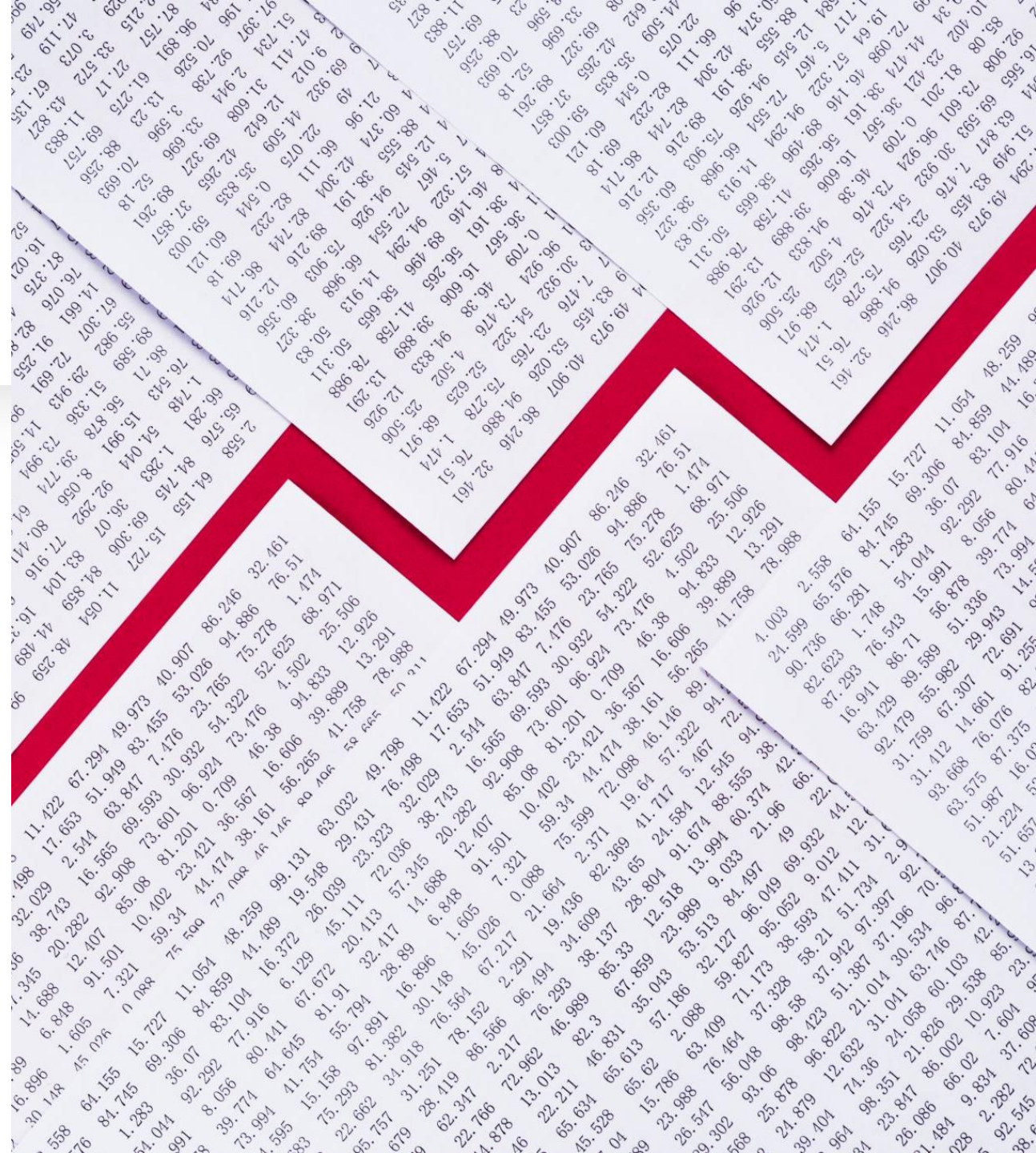
Choosing a Credit Counselor

- Use nonprofit, certified agencies
- Watch for fees or pressure
- U.S. Department of Justice (DOJ) and National Foundation for Credit Counseling (NFCC) are good sources



Red Flags

- Big fees before help = warning
- “Erase debt fast” is a trap
- Get info in writing, check credentials



Legal Options: Debt Attorneys and Bankruptcy

When to Talk to a Lawyer

- You're being sued
- Debt collectors are aggressive
- You need legal protection



Debt Settlement Companies

- Often charge high fees
- Do not provide legal advice
- You can negotiate yourself or through an attorney





Bankruptcy Basics

- Legal process to discharge debt
- Two types: Chapter 7 and Chapter 13
- A serious option with long-term impact

Chapter 7 Bankruptcy

- Erases unsecured debts
- Meant for low income, few assets
- Most keep key property



Credit Impact of Bankruptcy

- Stays on credit report for 10 years
- Can rebuild score if you maintain good credit practices
- Credit is only one piece of the picture





Bankruptcy and Security Clearances

- Bankruptcy does not automatically harm your clearance
- Can be seen as a responsible solution
- Unpaid debt is often a bigger risk than filing

Bankruptcy Procedure

- Must complete credit counseling for bankruptcy
 - Must be from an approved provider
 - List of approved providers from bankruptcy court or United States Trustees
- Chapter 7 requires a means test
- Filing with an attorney is strongly recommended



Dealing With Debt Collectors and Consumer Rights



Debt Collectors and Your Rights

- Fair Debt Collection Practices Act (FDCPA)
- No harassment, lies, or threats allowed
- You can demand written proof

Dealing with Collectors

- Do not ignore collection calls
- Negotiate based on your budget
- Get all agreements in writing

Caution: Scams about debt are common. Verify that the debt is yours and speak with an attorney if the debt is 6 or more years old.





Collections and Credit Reports

- Collections lower your score
- Focus on what you can fix
- Prioritize the most harmful debts



Garnishments and Lawsuits

- Ignoring lawsuits leads to judgments
- Judgments can result in garnishments
- Some income is protected by law
 - Federal benefits (Social Security, VA disability payments, etc.)
 - State and public benefits (unemployment, workers' comp)
 - Retirement accounts
 - Life insurance
 - And more (varies by state)

Judgments and Time Limits

- Judgments last 10 years, renewable
- Check court records or contact creditor
- Talk to a lawyer before making payments on old debt (6+ years)



Special Debts to Know

- Child support, alimony not dischargeable
- IRS debt may be dischargeable after 3 years
- Student loans rarely discharged, but possible with undue hardship



Additional Protections, Potential Scams, and More Resources

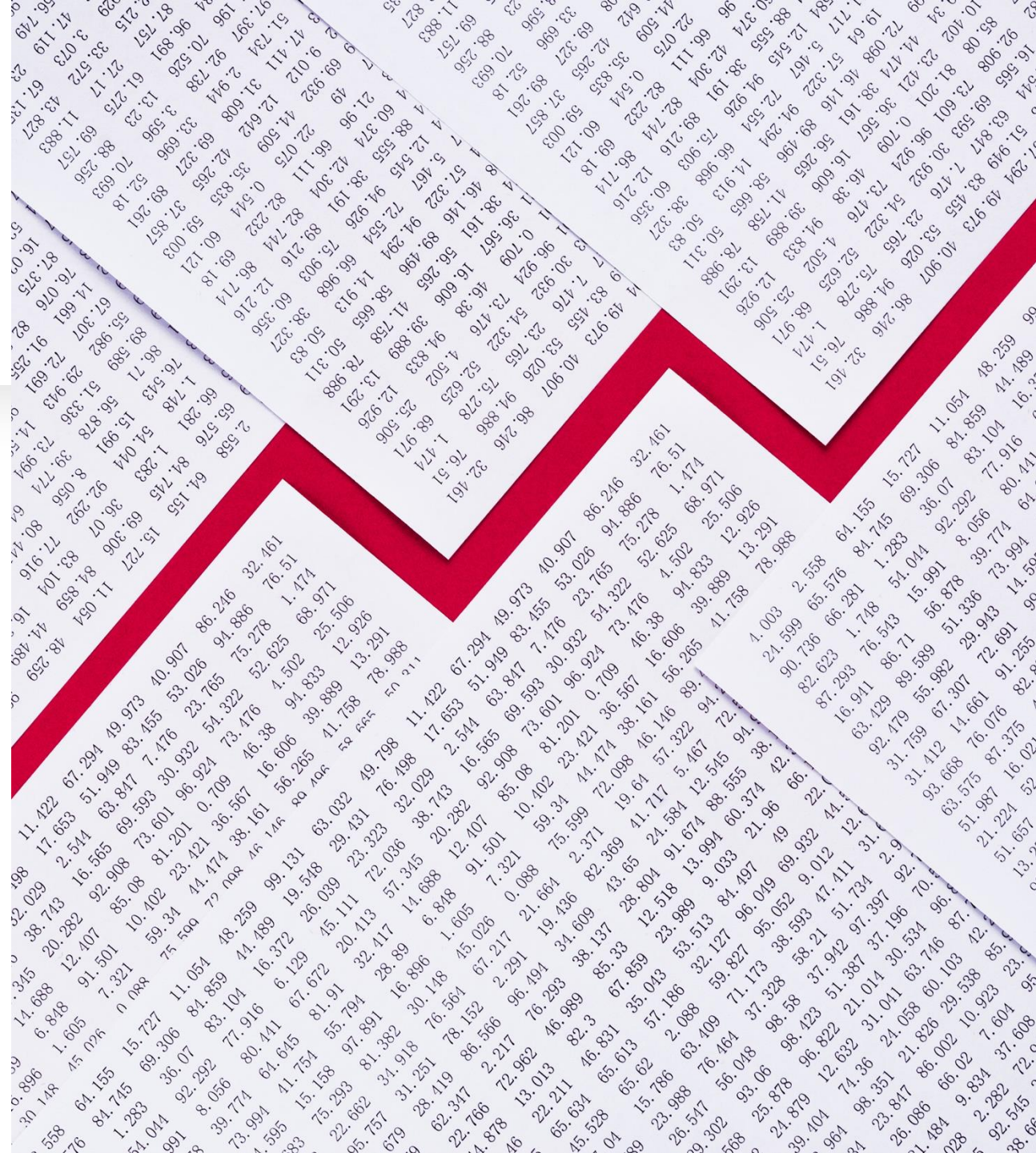
Military-Specific Protections

- Servicemember Civil Relief Act and Military Lending Act apply to debts before and during active duty service
- HAVEN Act shields VA disability in bankruptcy
- Limits on interest and default judgments
- May still help if the debt started before or during in service



Scams and Fraud Warnings

- No upfront fees for real help
- Be wary of pension buyouts or fake charities
- Always verify the source





Resources for Legal Help

- Legal aid or pro bono services may help
- Consumer law attorneys understand debt issues
- Check the Veteran Resource Guide handout for specific resources
 - Northwest Consumer Law
 - Northwest Justice Project Debt Clinic (income-restricted)
 - King County Bar Association Debt Clinic (county-restricted)



Positive Next Steps

- Make a list of your debts
- Create a simple, honest budget
- Choose one goal to act on this month

Please fill out the Survey!

Thank you for your
participation

Please complete
the survey. It
really helps us
improve the class!



Q&A

- Open discussion and questions
- Preview upcoming classes
- Resources
 - Supplemental materials
- Thank you for participating!