

EXPANDED COVERAGE • PERSONAL FINANCE • E2 - E4

IF YOU'RE IN DEBT, DON'T FRET

Jerri Stroud offers tips and strategies for handling financial stress. **E3**

Business **Sunday**

| FEBRUARY 17, 2008 | SECTION E |

AS THE ECONOMY DECLINES, ARE YOU REDUCING YOUR DEBT?

73

Percentage of U.S. adults who say they are very or somewhat likely to reduce their overall debt level in 2008, according to an Experian/Gallup poll

49

Percentage who say they plan to cut back on entertainment outlays

58

Percentage of U.S. adults who say they are unlikely to read a book about, or take a course on, personal finance

56

Percentage who say they are unlikely to reduce the number of credit cards they have

BANK RATE WATCH

National average:	2.47%	St. Louis average:	3.36%
New car loans		National average:	7.28%
		St. Louis average:	6.28%
Credit Card		National average:	13.42%

CD & Deposit Guide

ADVERTISEMENT

To St. Louis Area Residents

Address/Internet	1 mo CD	3 mo CD	6 mo CD	12 mo CD	18 mo CD	24 mo CD	36 mo CD	60 mo CD
575 Rudder Road www.alliancecu.com	1.00	2.65	3.20	3.95	4.01	4.01	4.06	4.11
15500 Olive Blvd. www.bankmw.com	0.50	2.00	2.50	3.70	3.95	3.94	3.75	4.10
7700 Bohnstimm, Suite 300 www.citizibank.com	0.75	2.34	NA	2.90	3.00	3.15	3.30	3.35
10552 Old Olive Street Road www.championbanksll.com	1.75	1.24	3.49	3.34	3.25	NA	3.25	3.25
501 Riversdale Avenue www.fyb.com	3.01	3.51	NA	NA	NA	NA	NA	NA
2435 Highway K www.bankfn.com	NA	NA	NA	2.50	2.50	2.50	1.00	1.00
17151 Chestnutfield Airport Road www.festco.com	NA	2.50	NA	3.85	3.95	3.95	3.95	4.00
3494 Jettco Blvd. www.fortunefin.com	0.75	3.00	3.30	3.60	3.60	3.60	3.75	3.75
3339 Rider Trail Dr. www.fortnashbank.com	0.40	2.22	3.31	3.31	2.85	NA	2.92	2.96
1001 Pine Street www.gmcu.org	0.20	1.30	4.00	4.00	4.05	4.05	4.05	4.10
One Madison Bank Plaza, P.O. Box 948 www.madisonbank.com	NA	2.47	2.49	3.05	3.00	3.00	3.00	3.00
120 S. Central www.nationalscity.com	0.30	3.39	2.10	2.20	2.20	2.60	2.74	3.00
5300 S. Lindbergh Blvd. www.neighborcu.org	0.50	2.90	NA	3.65	3.65	NA	3.75	3.80
295 Salt Lick Road www.premierbank.com	0.40	1.24	2.65	3.25	3.00	2.65	2.65	2.95
10401 Clayton Road www.rifancobank.com	1.01	1.50	2.65	3.10	3.20	3.20	3.25	3.30
1467 W. Fifth Street www.spiritcu.org	0.15	3.00	NA	3.14	4.00	3.55	3.65	4.10
14323 S. Outer Forty Road www.stevibank.com	1.04	3.50	3.55	3.55	3.51	3.80	3.65	3.75
Please call for local State Farm Agent www.statefarm.com	NA	NA	NA	NA	NA	NA	NA	NA
8895 Watson Road www.stifelbank.com	1.00	3.00	NA	3.25	3.25	3.25	3.75	3.75
1401 S. Brentwood Boulevard www.theprivatebank.com	NA	2.25	2.43	2.95	3.80	NA	3.80	3.90
10375 Clayton Road www.triadbanking.com	0.15	2.40	3.00	3.50	3.50	3.25	3.25	3.25
8151 Clayton Road www.treanbank.com	0.40	1.80	2.45	2.55	3.00	3.00	3.00	3.20
17280 N. Outer 40 Road www.westridgebank.com	3.77	2.35	3.45	3.75	3.30	3.00	3.00	2.75

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Savings and Loan Rates

BEST BASIC CREDIT CARD DEALS
These were the best standard credit card deals available among U.S. banks surveyed by Bankrate.com[®] as of Tuesday:

Phone	Mini. to earn int.	Yield (APY)	Annual % rate	Annual fee	Grace period
877-663-8848	\$ 1000	5.15	6.50 F	35	25 B
800-989-5101	100	4.32	9.90 F	132	25 B
800-642-0039	1	4.25	10.00 V	37	25 B
212-218-8383	1000	4.25	11.00 V	0	25 B
888-432-5890	1	4.20			

For people who pay off balances

866-450-5600	\$1000	3.88	11.00 V	0	25 B
877-734-2265	500	3.80	12.00 F	0	25 B
212-218-8383	2500	3.80	13.15 V	0	25 B
800-989-5101	10000	3.70	13.24 V	0	25 B
888-873-3424	1000	3.65			

For more information visit www.bankrate.com

Rates are for standard credit cards, and information applies to purchases only. Cash advances frequently are charged interest from the date of transaction. Additional fees may be charged such as for exceeding a credit line, making an ATM transaction, or if a check is returned. B=Billing, T=Transaction, P=Posting, V=Variable rate, F=Fixed.

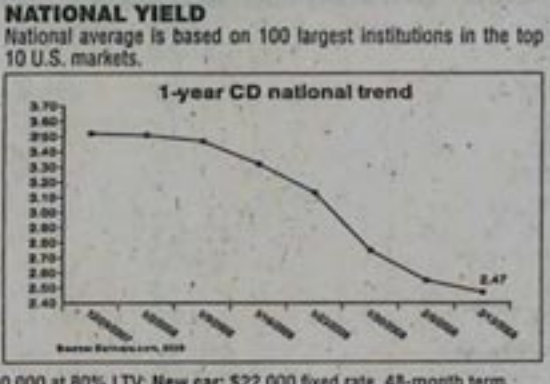
Best Loan Rates

Loan rates available among St. Louis-area banks as of Friday:

Phone	Rate
314-821-9929	4.97
636-343-7005	5.75
314-505-5500	6.49
314-821-9929	5.85
636-343-7005	5.99
314-898-1248	6.15
636-343-7005	5.60
314-821-9929	5.85
314-892-5400	5.99

Rate, 5-year term, secured loan based on \$30,000 at 80% LTV; New car: \$22,000 fixed rate, 48-month term, 3-year old; \$10,000 fixed rate, 36-month term, 20% down payment.

Deposit Trend



JERRI STROUD • POCKETBOOK PERSPECTIVE

Financial stress requires triage and long-term care



If you make no more than the minimum payment on your credit card bill, pay important bills late or use cash advances to pay living expenses, you're probably experiencing financial stress.

The American Bankers Association lists these behaviors among its warning signs of financial stress. If you have any of them, you need to get help or change your behavior before the trouble worsens.

Suzanne Gellman, consumer economics specialist with University of Missouri Extension, says the problem with many of the behaviors is that they simply dig the hole deeper.

The minimum payment of 4 percent isn't enough to offset the double-digit interest rate on most credit cards. Borrowing from one lender to pay another compounds the interest and total debt.

Using cash advances is especially dangerous because they have extremely high interest rates and additional fees, often 3 percent of the advance, said Ben Woolsey, marketing director for CreditCards.com.

Gellman says financially stressed people exhibit other risky behaviors. Many don't open their bills or answer the phone to avoid collection efforts. Failure to open — and pay — the bills means you'll add late fees to the tab. Credit card companies may raise your interest rate if you miss payments, in some cases to as high as 30 percent, Woolsey said.

Other people juggle their bills, paying the natural gas bill one month and the electric bill the next, for example. Some drop health insurance coverage. An accident or major illness could leave the family in worse shape: Medical bills are a leading cause

of bankruptcy.

Gellman advises taking a deep breath, then tackling the problem step by step.

"Don't try to deal with everything at once," she said.

The first step is figuring out where you stand. List debts, living expenses and other spending in one column, and your income in another.

You may need to write down everything you spend for a month to figure out where the money is going. If the debt column is bigger than your income, then you need to prioritize debts and trim some expenses.

Gellman said debts other than a mortgage should be no more than 20 percent of your income. To determine that ratio, add up all the minimum and regular payments for a month and divide that by your income.

"If you're at that 20 percent spending on paying off your car and student loans, then you don't want to take on any more debt," she said.

Some luxuries — a night at the movies, eating out or having your nails done — may need to be halted temporarily so you can start paying off your debts.

"You don't want to give up everything you enjoy," she said. "But if you could do it temporarily, you can free up some money" for debt payments.

Another important step is prioritizing your debt and expenses. The mortgage (or rent) and car payments need to be made to assure you have housing and transportation. Utilities, food and insurance are high priorities, too.

But after that, look at the interest rate you're paying and see which debt is costing the most. Make paying off your highest-cost debt your top priority.

Karen von der Bruegge, chief marketing officer for Pioneer Services, said high interest charges on credit cards mean that paying that debt off first often makes the most sense.

If you're making the 4 percent minimum payment on a \$1,000 credit card that charges interest of 17 percent, it will take 84 payments (or seven years) to pay the debt off, including \$500 in interest. A debt of \$2,500 would take nearly 10 years to pay off, including \$1,300 in interest, she said.

If you can carve out an extra \$40 a month to pay on top of the minimum payment, you can start cutting the debt down to size. Paying \$80 rather than the \$40 minimum would eliminate a \$1,000 debt in 13 months.

FINANCIAL STRESS SIGNS

If you're doing any of these things, you're probably in financial stress:

- Making the minimum payments on credit-card bills every month.
- Paying the mortgage, rent or other important bills late.
- Borrowing from one lender to pay another.
- Using cash advances to pay daily living expenses
- Applying for or accepting additional credit cards because you've exhausted the credit limits on the ones you have.
- Transferring balances to new accounts to avoid repaying debt.
- Repeatedly overdrawing your checking account, or dipping into savings to pay current bills.
- Frequently running out of cash.
- Not opening bills.
- Borrowing money from relatives or friends to pay bills.

Sources: American Bankers Association; Suzanne Gellman, University of Missouri Extension

Online debt calculators can show how much you need to pay every month to eliminate debt in a reasonable period.

Bankrate.com has one, as does Pioneer Services, a Kansas City-based lender that focuses on military borrowers (pioneerservices.com/calculators). Calculators also show how long it will take to pay based on how much you're paying now.

Some creditors will work with lenders on a payment plan, but borrowers need to live up to any plan or the lender won't work with them in the future, Gellman said. In most cases, it's a good idea to contact creditors if you've had a job loss or other change that makes it difficult to pay.

Once the first debt is paid off, Gellman advises applying the amount you've been paying on the first debt to the next one, in addition to minimum payments.

Gellman said the key to getting out of debt and staying out is to make a spending plan and then stick with it.

"People in these situations typically haven't made a plan and didn't have financial goals," she said. "They just spent willy-nilly."

A credit counselor can help develop budgets and a pay-off plan, or you can enroll in a money-management course at a community college or nonprofit agency.

Classes and workshops offered by Missouri extension are listed at extension.missouri.edu/cregion/moneyworks/. Nonprofit credit-counseling agencies include Consumer Credit Counseling Services and Clearpoint Financial Solutions.