

Insurance and Consumer Credit

Introduction

Welcome to the Insurance and Consumer Credit session of the *Living in Balance* program. This session will provide basic information about the different types of insurance that are available, in order to help you decide what kinds of insurance you need. This session will also explain the different types of credit that are available and describe some potential problems associated with the use of credit. It will explain when and when not to use credit, and it will offer some assistance for people who may have a problem with compulsive borrowing or a related problem.

What is in this session?

This session has two major parts: (1) Insurance and (2) Consumer Credit.

- ✓ After participating in part 1, you will be able to
 - Understand the different types of insurance that are available
 - Determine what types of insurance you need
- ✓ After participating in part 2, you will be able to
 - Understand the different types of consumer credit that are available to you



**SESSION 27 HAS
TWO MAJOR PARTS:**

1. Insurance
2. Consumer Credit

- Recognize when you should and should not use credit to make purchases
- Understand some of the problems and scams associated with credit
- Determine if you may have a problem with compulsive borrowing and discover where you can go for help with this and related problems

What will be asked of you?

You will be asked to look closely at your financial situation. In particular, you will be asked to examine your spending and borrowing patterns. You may be asked to take responsibility for poor financial decisions you made during active addiction and to work, during recovery, to repair a poor credit history. You will be asked to look at your beliefs and actions related to borrowing money to determine if you may have a problem with compulsive borrowing.



LEARNER OBJECTIVES FOR PART 1:

You will

- Understand the different types of insurance that are available
- Determine what types of insurance you need



Part 1: Insurance

What Is Insurance?

There are different types of insurance. But overall, insurance provides you with money if you suffer some type of illness, disaster, or accident. The most common types of insurance include auto, homeowner's, renter's, health, and life.

Since each insurance carrier has different costs and requirements, it is a good idea to “shop around” to find the policy and carrier that best suit your needs. In addition, some carriers may not provide insurance to someone in recovery or may require sobriety for a certain amount of time before issuing a policy. It is best to find out if there are any of these special requirements as early as possible when you shop for a policy.

**EXERCISE 1**

Please answer the following questions:

1. Do you have any insurance now?

Yes No

If so, what kind of insurance do you have (car, home, renter's, health)?

2. Have you had to make a claim against your insurance?

Yes No (If yes, please explain.)

Automobile Insurance

Most states require car owners to have auto insurance to protect both the owners and the drivers from the expenses that can result from an accident or other disaster. The owner of the car buys an insurance policy, but the insurance may pay for others who drive the car and passengers, as well as the owner.

Some states require *no-fault* auto insurance—with this type of policy, an individual's insurance automatically pays for damages to his or her car and his or her medical expenses (up to a specified limit), no matter who is at fault. However, with no-fault insurance, drivers give up some of their rights to sue other drivers involved in a wreck.



The most common types of insurance include auto, homeowner's, renter's, health, and life.

There are six basic types of auto insurance:

1. Bodily injury liability
2. Property damage liability
3. Medical payments insurance
4. Uninsured motorist insurance
5. Collision insurance
6. Comprehensive physical damage insurance

There are six basic types of auto insurance:

1. ***Bodily injury liability.*** This type of insurance covers incidents in which the owner's car injures or kills a pedestrian, a person riding in another car, or a passenger in the owner's car. (The word *liability* means responsibility.) This insurance is in effect any time the policy owner, an immediate family member, or another person who has permission is driving the car.
2. ***Property damage liability.*** This insurance covers damage caused by the policy owner's car to the property of other people. Usually, the property damaged is another car, but it can be other property, such as lampposts, telephone poles, and buildings. This insurance is also in effect anytime the policy owner, an immediate family member, or another person who has permission is driving the car.
3. ***Medical payments insurance.*** This covers medical, hospital, and funeral expenses for the policy owner and passengers at the time of a wreck. It will also cover policy owners and members of their family who were injured while driving or riding in someone else's car, or even while walking. These payments are made no matter who was at fault in the wreck.
4. ***Uninsured motorist insurance.*** This pays for bodily injury if the policy owner was struck by a hit-and-run driver or by a driver who had no insurance. It covers the policy owner and any passengers in the car. It can also cover policy owners and their family if an accident occurs when they are walking or driving someone else's car.
5. ***Collision insurance.*** This insurance covers damage to the policy owner's car if it's in an accident with another car or object. It does not pay for damages to the other person's property, nor does it pay for bodily injury. If the accident was the fault of a second driver, then the second driver's liability insurance will pay for the damage. Collision insurance will pay if the policy owner was at fault, if it cannot be decided who was at fault, or if the policy owner collides with an object.

6. **Comprehensive physical damage insurance.** This pays for damage caused by something other than a collision. It protects against theft, vandalism, falling objects, fire, hail, lightning, collision with a bird or animal, acts of nature, and riots.



EXERCISE 2

Please answer the following questions:

1. If you currently have a car, have you purchased insurance?

Yes No

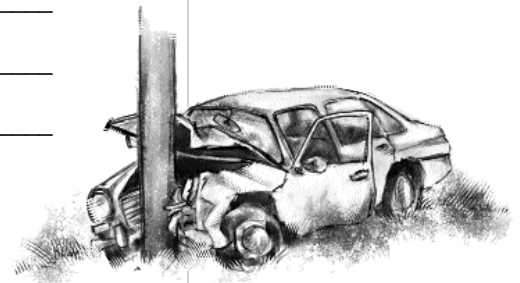
Do you know what kind of insurance you have?

Yes No (*If yes, please explain.*)

2. Whether or not you have insurance, have you ever been in an automobile accident?

Yes No

What happened in terms of insurance companies and costs associated with the accident?



Buying Auto Insurance

- First, decide what type of car insurance you need. Find out what kind of insurance your state requires. Shop around for the best deal. Get an estimate from different insurance companies on how much they charge for that type of coverage.
- Ask insurance companies if you are eligible for any discounts (such as being a member of the American Automobile Association or certain professional associations).
- If you have more than one car or other vehicles, have them all insured by the same insurance company—they should give you a discount on additional vehicles.
- Get deductibles on your collision and comprehensive insurance. By having to pay a modest deductible, you may save up to 50 percent on comprehensive insurance.
- Make sure that you purchase sufficient liability insurance.
- If you already have health insurance, ask your health insurance representative if any auto-related injuries are already covered by that policy.
- Ask lots of questions. Remember, you are buying a service. Make certain you understand what you are buying. Don't be pressured to buy something you don't need.

Property Insurance

Homeowner's insurance. People who own their own homes purchase an insurance policy that insures the house itself as well any of your family's property that it contains. This insurance protects against losses whether the family is home or away.

Renter's insurance. People who do not own their own homes can still have their personal possessions insured against theft, loss, and damage if they rent a house or apartment.

With both homeowner's and renter's insurance, it is important to make a list of all personal property. In just a few minutes, the serial numbers can be recorded for many items. Many people take photographs of their electronic equipment, appliances, jewelry, and furniture to record what they own.

Personal liability insurance. Most businesses and some individuals purchase personal liability insurance, which protects them in the event that someone else is injured while in their home, apartment, or yard, or while handling their possessions. This also insures against personal damage caused by the policy owner's pets or family members.



EXERCISE 3

Please answer the following questions:

1. Do you own a home or do you rent?

Do you have homeowner's or renter's insurance?

Yes No

What might happen if you were the victim of theft or if someone gets injured on your property?

2. Have you or anyone you know ever been robbed or suffered a fire or other disaster and not had insurance?

Yes No

What happened?



Personal insurance policies provide money when the policy owner is sick, hospitalized, or has passed away.

Personal Insurance

Personal insurance policies provide money when the policy owner is sick, hospitalized, or has passed away. This type of policy includes health and accident, hospital, and life insurance.

Health and hospital insurance. Health insurance plans are available to pay for different types of medical coverage, including doctor visits, hospitalizations, prescription drugs, and substance abuse treatment and counseling. This type of insurance often pays a percentage (such as 50 percent, 80 percent, or 100 percent) of hospital expenses while the policy owner is in the hospital. The amount paid by these policies varies greatly, and some will only cover certain types of hospital expenses or cover expenses for a certain period. Policies may pay the hospital directly, or pay the policy owner.

Accident or disability insurance. Accident or disability insurance provides a specified amount of money at times when the policy owner is unable to work because of illness or has suffered an accident. Generally, the terms of the policy provide for a set amount of money to be paid each week during the period of illness or disability. This type of insurance can help the policy owner to continue to pay bills despite being temporarily unable to work.

Life insurance. This insurance provides money to families after the policy owner dies. *Whole life* insurance policies are similar to savings accounts, because the policy owner puts a specific amount into the account each year, some of which can be withdrawn at a later date. For this reason, some people are also able to use the cash value of their policy in order to get a loan from their insurance company. *Term life* insurance policies, which are less expensive, provide death benefits only.

Most full-time jobs, and some part-time jobs, offer some sort of insurance as one of the benefits. They usually include health and life insurance, although some portion of the insurance fee may be deducted from the employee's check, often tax-free. The personnel director can usually answer questions about specific insurance packages, and may be able to modify these packages to meet the needs of an individual employee.



EXERCISE 4

Please answer the following questions:

1. Do you have health insurance for yourself and your family?

Yes No

If yes, who is covered? What are they covered for?

If you don't have health insurance, what would happen if someone needs medical attention?

2. Have you ever suffered a long-term disability or had to be hospitalized for a while?

- Yes
- No

What would happen financially if this occurred?



LEARNER OBJECTIVES FOR PART 2:

You will

- Understand the different types of consumer credit that are available to you
- Recognize when you should and should not use credit to make purchases
- Understand some of the problems and scams associated with credit
- Determine if you may have a problem with compulsive borrowing and discover where you can go for help with this and related problems



Part 2: Consumer Credit

Most people use some type of credit to buy things. When wisely used, credit can help people and their families make ends meet a little easier. A credit card is a convenient way to make a purchase. However, when people are not careful, credit can become a huge problem.

Buying on credit simply means buying something now and paying for it later. However, one pays an additional cost in interest and/or fees for doing this. Your *debt* is the amount of money you owe for the credit you used plus the additional charges.

Your Credit History

A person’s credit history is an important measure of how that individual handles his or her money. A credit history is kept by three major *credit bureaus* (Equifax, Experian, and TransUnion), which keep track of things such as bounced checks, late payments, and the amount of debt a person has.

Your credit history is a record of your finances and your level of financial responsibility. Therefore, it is very important to make credit payments promptly to maintain a good credit history. It is possible to clean up a bad record—most information is only kept



DEFINITION OF DEBT:

The amount of money you owe for the credit you used plus the additional charges.

for seven years, and so seven years without problems should restore your *credit rating* (which is a number the credit bureaus assign to you to show how good your credit is).

If you are having problems getting credit, you can request a copy of your credit report from one (or all) of these three companies. In some cases—for instance, if you’ve been turned down for credit because of a company’s report—you may be able to get a copy for free, otherwise a slight fee is charged. Because your credit report is so important, check it to make sure there are no errors on it. Credit bureaus must correct errors if you let them know about the problem.

If you wish to get a credit report from one of these three companies, you can contact them using the following Web sites and phone numbers. You will generally have to write a brief letter to make the request.

- **EXPERIAN:** <http://www.experian.com/consumer/index.html>
(888) 397-3742
- **EQUIFAX:** <http://www.equifax.com>
(800) 685-1111
- **TRANSUNION:** <http://www.transunion.com/index.jsp>
(800) 888-4213



EXERCISE 5

Please answer the following questions:

1. Have you ever been turned down for credit because of a bad credit history?

Yes No

What are some things you can do to fix the situation?

(more writing space on next page)



DEFINITION OF CREDIT RATING:

A number the credit bureaus assign to you to show how good your credit is.

2. Have you or anyone you know ever asked for and reviewed your credit report?

- Yes No

Would you like to see your credit report?

- Yes No

Why or why not?



Retail Credit

Most department stores offer their customers charge accounts and store charge cards. This type of credit is usually the easiest kind of credit to get. These stores will give customers a credit card that can be used only at that store or chain of stores. Gas stations also provide retail credit that allows their customers to get gas on credit and pay for it at the end of the month.

When you get a bill for retail credit at the end of the month, you can decide to pay the entire bill or a portion of the bill. If you pay only a portion of the bill, the company will charge interest (often high interest) on the amount you haven't paid. The company makes money by charging interest on unpaid bills. Interest rates can vary from 9 percent to 26 percent per year. That can add up to a lot of money. You can save money by paying these bills immediately and in full to avoid the interest charges.

You should avoid having too many credit cards (either retail credit cards or major credit cards) because the companies that evaluate credit history consider anyone who has a large number of cards to be a high risk.



EXERCISE 6

Please answer the following questions:

1. How many credit cards do you have? How many of these are retail credit cards? How many of these do you use? For those you don't use, have you considered getting rid of them?

2. Do you think stores that offer retail credit want you to pay your bill in full at the end of the month, or would they prefer that you paid only part of it? Why?

The secured credit card can be used to start a credit history.

Major Credit Cards

Banks generally issue most credit cards. The most popular major credit cards are American Express, VISA, MasterCard, and the Discover Card.

Major credit cards may charge an annual fee and always have a limit on the amount of credit that can be used. Credit card companies make money by charging interest on the amount of money you borrow and don't pay back when you get your bill at the end of the month. Obviously, one way of saving money is to pay the entire bill when it arrives.

Some people have bad credit. This often means that they have borrowed a lot of money and not paid it back. Banks and other businesses may not be willing to give these people a credit card. If you have bad credit, you can improve your credit history by paying the money you owe.

People who don't have an established credit history and find it difficult to obtain credit may be able to get a *secured credit card*. A secured credit card is offered by a bank in which you have deposited money. The credit card will have a maximum credit limit that often equals the amount of money deposited in the bank. In most situations, the bank requires a deposit of about \$500. You are then given a credit card with a limit that is equal to (or less than) the \$500 deposit. One advantage of the secured credit card is that it can be used to start a credit history.

Banks also offer *check cards* that can be used like credit cards, but the money used will come directly from your checking account. These cards may offer a *line of credit* or *overdraft protection* that can be used to cover a given amount beyond what you have in your account, but you will have to pay interest on this credit and perhaps a fee for using it.



EXERCISE 7

Please answer the following questions:

1. Do you have a major credit card?

- Yes
- No

What do you primarily use the card for? How has it helped you? Have you experienced problems because of this credit?

2. What are some advantages of having a credit card? What are some disadvantages?

Credit Card Scams

Television, radio, and newspapers regularly have advertisements for companies that claim to guarantee loans or credit cards to people who have bad or no credit history. These are usually scams and should be avoided.

There are two major types of credit card scams, ones that offer a worthless service and ones that are trying to sell you expensive merchandise on an installment plan.

Worthless services. One type of credit card scam promises to get you a major credit card even if you have bad credit, and claims that it can help you erase your bad credit history. For a large fee, these businesses provide a list of banks that offer secured credit cards, which are relatively easy to obtain. In reality, banks that offer secured credit cards are easy to find. Just walk into a bank and ask.

A similar service charges a processing fee of \$100 to \$200 to get you a low-interest VISA or MasterCard. In reality, the agency simply sells people a credit card application and a list of banks that offer low-interest credit rates. This same list can be obtained for little or no money elsewhere.

Expensive merchandise. Many businesses that advertise so-called “gold cards” and “platinum cards” are not selling major credit cards at all. Rather, they are selling a retail card that will let you purchase items from that business’s catalogue. It is a regular retail credit card, not a major credit card.

These businesses, which sell average- or poor-quality merchandise at high prices through the mail, claim that they help you establish or repair your credit history. In reality, they may do nothing but sell expensive mail-order junk.



EXERCISE 8

Please answer the following questions:

- 1. Have you seen ads that promise credit even if you have a bad credit history?

Yes No

What type of fears and hopes do these ads appeal to?

- 2. Do you get a lot of ads through the mail or phone about credit cards?

Yes No

Have you ever been pressured to get a credit card?

Yes No *(If yes, please explain.)*



There are legitimate agencies that can help you if you have credit problems.

Credit and Debt Counseling Services

There are legitimate agencies that can help you if you have credit problems. These agencies typically do not advertise on late-night television. Rather, they can be found in the yellow pages under Credit and Debt Counseling Services. Look for those that are nonprofit agencies, such as the members of the National Foundation for Credit Counseling (NFCC). These agencies can provide a variety of counseling and educational services. They can help you develop a plan for paying bills and educate you on how to deal with creditors who are demanding payments.

It is important to know that these services do not sell credit cards. In fact, legitimate debt counseling agencies will often make people destroy their credit cards until they are no longer in debt. They will also educate people on how to use credit properly and avoid getting into debt again. Remember, legitimate agencies can be free or low cost. Companies that require a substantial payment may be scams and should be avoided.

During active addiction, you may have rung up a lot of debt, which you were unable to pay. Now that you are sober, it may take time to repair a bad credit history, but it is important, because without a good credit history, it is very difficult to purchase a car or buy a house.



EXERCISE 9

Please answer the following questions:

1. Are you currently having problems paying off your debts?

- Yes No

If so, how does that make you feel? How would it feel to get this problem cleared up?

Three horizontal lines for writing.

2. If you are currently having difficulty paying off your debts, what have you done to solve this problem? What would you like to do?

3. What are the advantages of having a good credit history?

Loans

Another type of credit is an installment loan. People usually take out loans for large purchases, such as a car, home, or major home repairs. University students or their parents often get student loans to pay for school.

It costs money to borrow money. The bank, credit union, labor union, auto company, or other institution makes money by adding a finance charge. The finance charge or interest rate will vary, so it is important to shop around for the best rate.

Private finance companies also loan money, but they often charge very high interest rates and expensive penalties for late payments.

Three things influence the amount of money it will cost you to get a loan: (1) the amount of money you want to borrow, (2) the interest rate, and (3) the length of time you have to pay back the loan. In general, the longer you take to repay a loan, the more it will cost you.



EXERCISE 10

Please answer the following questions:

1. What are good reasons for borrowing money?

2. What are poor reasons for borrowing money?

Trying to Get Credit

Trying to establish a good credit history is a great idea. A good credit history is necessary for large purchases such as cars and houses. Apartment managers will also check your credit before letting you rent an apartment.

Checking and savings accounts. An important first step in getting good credit is opening a checking and/or savings account, which will help you show that you can manage money. These accounts can offer proof that you are able to control your expenses, if you save some money and don't write checks that bounce.

Layaway plans. Many stores offer layaway plans, which involve making regular payments on an item while the store keeps it. After you make the final payment, you can take the item home. After making a few layaways, the credit manager of the store may be willing to provide you with credit. The store can then be listed as part of a good credit history. One advantage of layaway is that you can purchase items at a sale price despite not having enough money at the time of the sale to pay the entire amount.

Pay your bills on time! If you are trying to get credit, agencies will want to know if you pay your bills on time. They will look at things such as your utility and rent payments. Credit agencies will also want to know about your income and expenses. They will estimate how much money you have left over, after paying bills. If you aren't able to pay bills on time, you should contact the companies and let them know you have a temporary problem. If you call them, they will likely let you make an arrangement to pay the bill at a later time without it affecting your credit.

A good credit history is necessary for large purchases such as cars and houses.

Pay your bills on time.

**EXERCISE 11**

Please check the answer that seems most true:

1. Maintaining a checking and savings account can help your credit rating because
 - It shows that you can communicate with someone at the bank.
 - It shows that you are wealthy.
 - It shows that you can manage your money.

2. Which of the following is not a reason to buy things on layaway?
 - It can lead to your getting a store credit card.
 - It can show the store that you are dependable.
 - It can increase the cost of an item.
 - You can buy an item at a sale price, even if you don't currently have enough to purchase it.

3. If you are unable to pay a bill on time you should
 - Ignore it.
 - Let the company know that you will have a problem paying the bill on time.
 - Call the company and threaten to take your business elsewhere.
 - Borrow money from someplace else to pay it.

Should You Use Credit?

The best way to keep your use of credit under control is to estimate a personal monthly credit limit based on your budget (see Session 26: Money Management). Keeping credit purchases within this limit will help you avoid “surprise” bills at the end of the month. In general, the best time to use credit to buy something is when it is really necessary. This is especially true for people who have a limited income.

Buy only things you really need. Before you buy something, you should ask yourself, “Do I really need this?” People who are trying to get a credit history often buy things on credit that they don’t really need. These people should use their credit, but only for things that they’re going to buy anyway.

Pay your bill when it arrives. Generally speaking, you should only use credit when you can pay the bill in full once it comes. You should ask yourself, “Can I really afford this now?” If the answer is no, wait until later, unless it is an emergency.

Use credit to buy things that are on sale when you don’t have cash. One of the best uses of credit is to buy something that you need and have already planned to purchase when it is on sale. During these times, and especially if people don’t have enough cash on them, credit purchases can make good sense. But be sure that you don’t end up paying more in interest charges than you save by buying the item on sale.



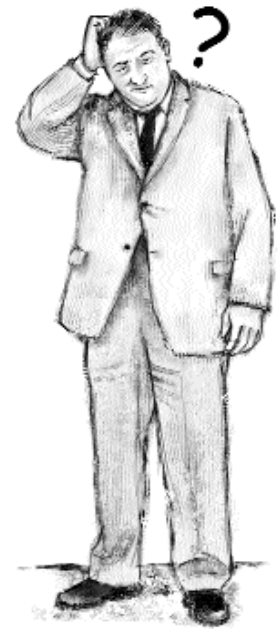
EXERCISE 12

Please answer the following questions:

1. Do you sometimes buy things based on impulse?

Yes No

If yes, what kind of things?



**Before you buy something,
you should ask yourself,
“Do I really need this?”**

Do you feel that this is a problem?

Yes No

If so, in what ways?

2. Do you sometimes buy things and feel guilty about it later?

Yes No

If so, why do you think you buy them? What would you like to do to change this behavior?

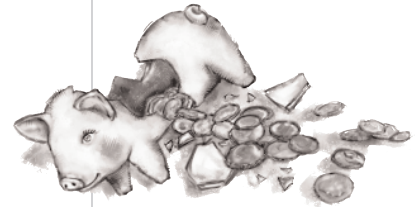
When to Avoid Using Credit

Many people treat credit as if it were free money, purchasing things that they would never buy if they had to use cash. This is a major problem.

Don't make impulse purchases. Buying things on an impulse is a bad idea, especially if you're buying expensive things and using credit. Any large purchase should be budgeted for and discussed with family members (when appropriate) in advance. You should also shop around to find the item at the lowest cost.

Don't buy unnecessary things. Always think of credit as your own money, not someone else's, and ask yourself if you would buy an item if you had to pay cash. If the answer is no, don't buy the item. Use credit for things that are necessary.

Don't get far into debt. When people have to juggle their bills and credit payments, they are financially overextended. If you cannot pay for something in full at the end of the month, you shouldn't put it on credit.



EXERCISE 13

Please answer the following questions:

1. Do you sometimes buy something on credit that you would not buy if you had to pay cash?

Yes No

What is the result? How might you change this habit?

2. Do you sometimes get overwhelmed at the end of the month because you can't pay all the bills?

- Yes
- No

If so, would you like to stop having this experience?

- Yes
- No

What can you do about this?



Some people lose control of their spending and have serious problems with debts, gambling, or shopping.

Money and Compulsion

Everyone borrows money occasionally, and most people splurge on nonessential things from time to time. However, some people lose control of their spending and have serious problems with debts, gambling, or shopping.

Compulsive spending. Some people get a high from shopping binges. Shopping may temporarily relieve them of feelings of depression, anxiety, and poor self-esteem—so they purchase things they don't need and can't afford. They often feel great guilt and depression afterward because of their overspending.

Compulsive gambling. Like compulsive spenders, compulsive gamblers feel a high while gambling. They may also be trying to get rid of feelings of poor self-worth and anxiety. Compulsive gamblers may play the lottery, bingo, or casino games, or they may bet on races or sporting events. Although many people gamble occasionally, the compulsive gambler is not able to control this behavior.

Compulsive borrowing. Some people keep borrowing money from banks, credit cards, family, and friends in spite of bad financial and emotional consequences. People may borrow money to pay off other loans, to make unnecessary purchases, or simply to have it.

These different kinds of compulsive spending patterns are similar to drug addiction. People talk about a euphoric rush while spending compulsively, actively gambling, or trying to borrow money from others. They also mention feeling depressed after a binge. Compulsive gamblers often have severe withdrawal symptoms of depression and anxiety when they stop gambling.



EXERCISE 14

Please check yes or no for the following questions:

Do you believe that you will always be broke?

Yes No

Do you frequently borrow money to pay off loans?

Yes No

Do you routinely worry that you will not have enough money to pay your monthly bills?

Yes No

Do you frequently write checks even though you know that they will bounce?

Yes No

Does your family have frequent conflicts about being in debt?

Yes No

Are you usually scared to balance your checkbook, because you would rather not know how much money you really have?

Yes No

Compulsive spending patterns are similar to drug addiction.

Have you kept large problem debts a secret from family members and friends?

Yes No

Do you constantly think about how much money you owe and how much money you have?

Yes No

Have you ever borrowed money from a person or place with a bad reputation?

Yes No

Do your credit cards routinely stay charged up to the credit limit?

Yes No

Would you borrow money from just about anyone, even if the situation felt risky?

Yes No

When you reach the limit on one credit card, do you try to get another credit card?

Yes No

Total number of statements checked Yes: _____

Checking four or more yes answers suggests that you may have a problem with compulsive debt.



Session 27 Summary

In this session you have learned about the different types of insurance available so you can be better able to decide what kinds of insurance you need. You have learned about credit and some of the problems associated with debt and borrowing, as well as when you should and should not use credit to make a purchase. You also have looked at your own behavior in relation to spending and borrowing, and considered whether or not you have a problem with compulsive borrowing.



Help for People with Compulsive Money Problems

The following programs and organizations provide help for people who have problems with compulsive borrowing, gambling, and spending, as well as people who are in serious debt.

Debtors Anonymous

General Service Office
P.O. Box 920888
Needham, MA 02492-0009
Phone: (781) 453-2743
Fax: (781) 453-2745
Web site: www.debtorsanonymous.org
E-mail: new@debtorsanonymous.org

Debtors Anonymous (DA) is a Twelve Step program based on the principles and philosophy of Alcoholics Anonymous (AA). Recovery from compulsive borrowing involves not borrowing money through credit cards, loans, or any other means. In addition to AA-style support meetings, DA also has something called Pressure Groups and Pressure Meetings, which are designed to relieve financial and emotional pressures related to debts. These groups help people develop a spending plan and budget for themselves as well as repayment plans.

Gamblers Anonymous

International Service Office
P.O. Box 17173
Los Angeles, CA 90017
Phone: (213) 386-8789
Fax: (213) 386-0030
Web site: www.gamblersanonymous.org
E-mail: isomain@gamblersanonymous.org

Another Twelve Step group like DA and AA, Gamblers Anonymous (GA) also has Pressure Groups to help people reduce stress and offers advice on repayment schedules, dealing with the court system, family problems, and increasing responsibility at work.

Gam-Anon

International Service Office, Inc.
P.O. Box 157
Whitestone, NY 11357
Phone: (718) 352-1671
Fax: (718) 746-2571
Web site: www.gam-anon.org/gamanon/index.htm
E-mail: info3@gam-anon.org

Gam-Anon is a Twelve Step self-help program for families and friends of compulsive gamblers, and it is similar in nature to Al-Anon. The focus of the program is not on the gambler, but on how family members and friends can help themselves by changing their ideas and actions. They learn to take charge of the family budget and to stop trying to rescue the gambler from debts.

National Foundation for Credit Counseling

801 Roeder Road, Suite 900
Silver Spring, MD 20910
Phone: (301) 589-5600; (800) 388-2227
Fax: (301) 495-5623
Web site: www.debtadvice.org

National Foundation for Credit Counseling represents a national network of nonprofit agencies that provide free or low-cost consumer counseling and education on budgeting, money management, debt reduction, and credit. You can contact them regarding the counseling and education center in your area.

National Council on Compulsive Gambling, Inc.

208 G Street NE

Washington, DC 20002

National Helpline: (800) 522-4700

Phone: (202) 547-9204

Fax: (202) 547-9206

Web site: www.ncpgambling.org

E-mail: ncpg@ncpgambling.org

This group is a nonprofit organization that publishes and distributes literature about compulsive gambling, certifies counselors, and staffs a twenty-four-hour confidential helpline. It will make referrals to treatment programs, GA, and Gam-Anon.