



10 Things You Must Know About Debt Settlement

A Special Report From Practical Debt Relief



10 THINGS YOU MUST KNOW ABOUT DEBT SETTLEMENT

Many companies don't want you to know the truth. There are Pro's and Con's to Debt Settlement. You need to make an informed decision and having all the facts available will lead to a decision that will benefit yourself and your family.

1. Ensure your funds are being held in a special purpose account. You do not want your funds to go directly to the Debt Settlement companies operating account. The special purpose account should have online access (like a regular bank account) and monthly statements so that you can view your funds. Understand the fees that come out. See creditors and collection agencies as they are paid. At Practical Debt Relief, honesty, transparency and low prices are our goal.
2. Being enrolled in a Debt Settlement will affect your credit negatively. Credit in itself varies from person to person. The reason an individual or family joins a Debt Settlement program is because they realize they cannot continue to pay minimum payments. Some hardship had to occur for an individual to consider going to a Debt Settlement company. Although your hardship may cause you or may have already caused you to have a lower credit score, as you pay off debt, it will slowly go back up again.
3. We can't fully stop those harassing phone calls if the creditors found a way to reach you. Creditors have the legal right to contact you. Practical Debt Relief will make every effort to redirect creditor calls. Practical Debt Relief knows and understands the Fair Debt Collections Practice Act. Practical Debt Relief will help you understand your rights. We will do our best to advocate and look out for YOUR best interests, not Credit Card Companies.
4. Don't do business with a Debt Settlement company who is not a member of U.S.O.B.A. (United States Organization of Bankruptcy Alternatives). This organization analyzes the industry and outlines the standards Debt Settlement companies should follow.
5. Not everyone qualifies for Debt Settlement. Not everyone chooses Debt Settlement as an option. A good company will analyze your budget and ensure that you have a legitimate financial hardship. Practical Debt Relief is not looking for individuals who are looking to defraud credit card companies in any way. We are looking for people who need help.
6. Debt Settlement companies can't guarantee creditors will negotiate. However, creditors and collection agencies negotiate because they rather recover some of their money than nothing.
7. Creditors can garnish your wages and pursue legal action. Lawsuits are not common but your creditors have the right to pursue legal action to recover their money. In our experience, most creditors would rather not go to the expense of suing you. It takes time

and costs money to file a lawsuit and even more to collect on a judgment. A wage garnishment takes time, depends heavily on your employment, and may not even be applicable in your state. If you own a home it is difficult for a creditor to attach a lien to your home and your home may be protected by your state's homestead act. It is typically more cost effective for a creditor to settle on an account than to pursue legal action. Creditors realize that if they push you too hard they run risk of you filing for bankruptcy, in which case they often receive nothing.

8. There are possible tax consequences to enrolling in a Debt Settlement program. Your creditors may provide a form 1099-C for cancelled or settled debt exceeding \$600 which you are required to report to the IRS. The IRS permits individuals to legally exclude forgiven debt from their income through the "insolvency exclusion". This permits you to write off any forgiven debts up to the amount by which you were "insolvent" at the time. If your total debt and liabilities exceed the fair market value of all your assets, you would ordinarily qualify for the exclusion. We recommend that you consult your tax advisor for advice specific to your situation. They will also be able to assist you on filling out IRS Form 982 to get the exclusion.
9. Debt Settlement takes time. If it took you a few years to get into debt, it will probably take you a few years to get out of it. We offer 12 – 36 month programs to get you out of debt.
10. Not all debts can be settled. We cannot settle Student loans, IRS Debt/Taxes, Home Loans/Mortgages, Utility Bills, Car Payments.

www.practicaldebtrelief.com

1-888-839-3574

Monday-Friday 9 am – 6 pm EST. Leave a message after hours and we will get back to you on the next business day.