

NON-TRADITIONAL SERVICES/PRODUCTS AT A GLANCE

Service/Product	What is the Problem?	Alternative Solutions
Subprime Credit Cards	<ul style="list-style-type: none"> • High interest rates. • Excessive fees. • Lower credit limits. • No grace period. • Application and setup fees. 	<ul style="list-style-type: none"> • Secured credit card. • Improve credit through financial education and counseling.
Tax Return Prep and RAL	<ul style="list-style-type: none"> • High fees. • Refund Anticipation Loan (RAL) APRs 60% to 700%. 	<ul style="list-style-type: none"> • Community Tax Center or Voluntary Income Tax Assistance Programs provide free professional tax filing services.
Credit Counseling	<ul style="list-style-type: none"> • Some agencies may over promise or charge for services that do not assist customer. 	<ul style="list-style-type: none"> • Self-help. • Shop around for a reputable credit counseling agency.
Debt Management Plan	<ul style="list-style-type: none"> • Need sufficient income to meet the payment required. • May include high fees. 	<ul style="list-style-type: none"> • Self-help. • Negotiate directly with creditors. • Shop around for a reputable credit counseling agency.
Debt Consolidation	<ul style="list-style-type: none"> • Requires collateral (usually home equity). • Trading unsecured debt for secured debt. • High fees. 	<ul style="list-style-type: none"> • Contact creditors directly. • Develop a spending plan. • Locate a reputable credit counseling agency.
Credit Repair	<ul style="list-style-type: none"> • Paying a fee for a service you can do yourself. • Deceptive claims. 	<ul style="list-style-type: none"> • Locate a reputable credit counseling agency for a credit report review and to learn about options.
Debt Settlement/ Negotiation	<ul style="list-style-type: none"> • Substantial fees for this service with no guaranteed results. 	<ul style="list-style-type: none"> • Negotiate directly with creditors. • Contact reputable credit counseling agency.

Source: Understanding the Impact of Alternative Financial Services, United Way Capital Area/AEI, 2011.