



## Warning Signs of Credit Abuse

Credit cards make spending easy and may encourage you to spend more than you can repay. The following are possible warning signs that you have taken on too much debt:

- You have less than one month's take-home pay in savings.
- You can only afford the minimum monthly payments on credit cards.
- You have more income committed to debt repayments each month than you did the month before.
- You are falling behind on payments and receiving late notices.
- You use credit to pay regular living expenses, like utilities.
- You are at or near credit limits on credit cards most of the time.
- Your debt-to-income ratio is more than 20% (or 36%, if mortgage payments are included in the calculation).



At this point, financial counseling is recommended to help initiate a plan of action to reduce debt. Things are reaching the critical stage when an individual or family is:

- Rotating bills by paying some this month, some next month.
- Borrowing or getting cash advances to make payments – using credit to pay credit.
- Denied additional credit due to problems on credit reports.
- Hiding bills or being dishonest with family members about debts.
- Seeking additional money from predatory lending sources, such as payday loans or refund anticipation loans.
- Having to rely on a debt-consolidation loan to reduce payments enough to meet monthly living expenses.

At the critical point, financial counseling is essential to establish a plan to reduce debt to a manageable level.

### SOURCES OF HELP

- Airman and Family Readiness Center (A&FRC) personal financial counselors and educators
- Your local military credit union's financial counselors
- Nonprofit consumer credit counseling agencies
- Base legal office
- The Consumer Financial Protection Bureau (CFPB)
- Military OneSource

