

# WARNING SIGNS OF CREDIT ABUSE

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## **MODERATE — HAVING TROUBLE WITH:**

- Seasonal bills.
- Routine gifts for birthdays, holidays, etc.
- Car, appliance, home repair.
- Lack of money for unexpected events or special needs.
- Little or no savings.
- Worry, anxiety, family arguments about money.
- Increasing balances on credit cards and charge accounts.
- Using credit to pay credit; seeking consolidation loans for the wrong reason.
- Debt-to-income ratio approaching 20 percent.

## **SERIOUS — EXPERIENCING:**

- Spending 4 percent or more of take-home pay on alcohol or non-prescribed drugs.
- Cannot afford basic essentials.
- No auto insurance.
- Money often runs out before payday.
- Frequent worry, family arguments regarding money.
- Interference in job, family duties or relationships.
- Paying only the minimum on credit cards.
- Receiving late notices.
- Using cash advances to pay regular living expenses.
- Debt-to-income ratio 20 to 30 percent.
- Being denied additional credit.

## **SEVERE — EXPERIENCING:**

- Spending 6 percent or more of take-home pay on alcohol or non-prescribed drugs.
- Rotating bills or inability to pay bills.
- Threat (possibility) of loss of food, housing, utilities.
- Legal action threatened by creditors, collection agencies.
- Litigation fees from divorce, civil suits, etc.
- Negative cash flow.
- Some reduction in family income.
- Debt-to-income ratio 30 to 40 percent.
- Hiding bills, dishonesty with family.
- Considering bankruptcy.

## **EXTREME — EXPERIENCING:**

- Spending 6 percent or more of take-home pay on alcohol or non-prescribed drugs.
- Physical survival endangered.
- Loss of food, housing or utilities.
- Legal action by creditors in process.
- Filing or decision to file bankruptcy.
- Defendant in a criminal case.
- Large medical expenses.
- Loss or severe reduction in family income.
- Debt-to-income ratio 40 percent or higher.