

Debt Collection Issues

- I. Financial Hardship faced by seniors
 - a. Loss of jobs or death of spouse can decrease income coming into the home
 - b. Children and grandchildren may ask for assistance beyond what the senior can afford, or may steal money or credit from the senior.
 - c. Medical costs may not be fully covered.
 - d. An elder may need skilled nursing or assisted living level of care.

- II. Missing one credit card payment leads to a downward spiral that is impossible to recover from.
 - a. Fees and interest are added to debt amounts.
 - b. Interest rates increase.
 - c. The minimum payment increases dramatically
 - d. Collection calls can begin.

- III. Secured debt
 - a. If the senior wants to keep the item that provides security for the debt, the payments must be made or the loan modified
 - b. If the senior can't make payments on a secured loan the item will be repossessed or foreclosed.

- IV. Unsecured debt
 - a. Does the senior have anything at risk if he or she is sued for the debt?
 - i. Social security and some other federal income is protected
 - ii. Nebraska courts recognize exemptions for certain assets.
 - iii. The ElderAccessLine® can help seniors determine if there is anything at risk.
 - b. If the senior has nothing at risk, the senior should use their resources to meet their necessities of life, ie. Rent, food, medicine.

- c. If the senior has assets or income at risk, then he or she may need to consider a bankruptcy.

V. Collection Calls

- a. The Fair Debt Collection Act prohibits collection agents from calling someone if that person sends a letter telling the collection agent not to call.
- b. Seniors aren't obligated to talk to collection agents when they call.
- c. Harassment by Collection agents is a violation of the Fair Debt Collection Act. If a senior is being harassed keep a log of the phone calls and copies of all letters.

VI. Law suits

- a. If a consumer is unable to pay a debt then a creditor can file a summons and complaint in court.
- b. An unsecured creditor can't garnish wages or bank accounts until a judgment is entered.
- c. Even with a judgment, a bank account containing federal exempt funds, such as social security is protected, so long as:
 - i. The federally exempt money is direct deposited
 - ii. The balance in the account is less than the deposits of federally exempt funds received by the bank during the previous two months.
- d. The ElderAccessLine® can help elders to protect their exempt income and assets.

VII. Payday Loans

- a. Payday loans are an unsecured debt.
- b. Payday loans are a debt, not a bounced check.
- c. These loans can cause a great deal of trouble with bank accounts if the checks bounce.
- d. The ElderAccessLine® can help seniors explore their options if they get caught up in payday loans.