

# Judge Margaret Mann

U.S. Bankruptcy Judge

In today's society, overspending and the abuse of easy consumer credit have contributed to a record number of people filing for bankruptcy and experiencing many of the other consequences of serious financial problems. These difficulties can adversely affect every area of people's lives. Consumers have faced collection efforts by creditors and have been turned down for an apartment or for homes or cars loans. They have suffered reduced performance at school or work, have been rejected for school loans, or have been forced to drop out of school. Many have lost jobs and employment opportunities. For some, the stress of financial troubles can bring on depression, and in some cases can result in substance-abuse problems and even suicide.

The credit abuse problem affects all age groups. Unfortunately, too many of our young people are financially illiterate. They need and deserve the opportunity to hear a counter-message to the constant "just do it" and "spend, spend, spend" messages they see on television, at the movies, on their computers, and often, in their family's spending habits.

As a bankruptcy judge I and other experienced bankruptcy practitioners each and every day see the many consequences of severe financial problems. Now is the time to learn about finances, how to manage your money, and how to "just say no" to the short-term temptations to buy what you don't need or do things you can't afford that often come with the use of a credit card. Learn the lessons now that will hopefully stay with you throughout your entire life. What you learn now may prevent you from being a victim of easy credit and living beyond your means and help you to live a comfortable and debt-free life. Although we are here to help if necessary, we know your lives would be better if you never had to see us in the Bankruptcy Court!

Honorable Margaret M. Mann, Judge  
U.S. Bankruptcy Court

**C.A.R.E. Program**  
**U.S. Bankruptcy Court**  
**325 West F Street**  
**San Diego, CA 92101-6991**

**C**.redit  
**A**.buse  
**R**.esistance  
**E**.ducation

U.S. Bankruptcy Court  
Southern District of California



[www.casb.uscourts.gov](http://www.casb.uscourts.gov)  
<http://careprogram.us>

## The Real Cost of Credit

The Real Cost of Credit — for example, say you owe a department store \$1,000 on a credit card. The annual percentage rate is 21%, and you make the minimum payment but make no additional payments. When will this balance be paid off even if you make no additional charges? Depending upon the method used to calculate the finance



charges, the earliest the balance will be paid off is 7-1/2 years and the least amount you will have paid will be \$2,000.

**Will you still remember what you bought and will you still be using it**

**seven or eight years later?** Know what credit is really costing you: 18%, 20%, or 24%. That's money you won't have. Why pay \$120 for that \$80 pair of sneakers?

Although the temptation is there, you don't need to be an over-spender or credit abuser. Say "no" to living beyond your means. Be in control of your finances. Be different. Be smart. Accumulate wealth.

## Using Credit Cards

1. With an understanding of your needs versus wants, develop a budget and live within it. Today's advertising makes it too easy to convince yourself that a want is really a need.

2. If the amount costs less than \$15, don't charge it.

3. Use a debit card, a check, or cash whenever possible and don't have more than one credit card. One credit



card is all you need for convenience and emergencies. It will be easier for you to track your spending habits and know your total consumer debt if you do fall into debt.

4. For your one credit card, shop around and get the best deal, and very carefully read all of the terms. You can really get burned on the many fees that issuers charge. Be aware of these fees so that you don't end up paying them.

5. If you are not paying off the balance on your one credit card every month, analyze why. Are you buying things you don't need? What happened to your budget?

6. Always have a plan to repay any consumer debt you incur. Never make just a minimum payment. Don't use credit to get through hard times without first cutting expenses and then realistically planning for how you will pay back the debt.

## C.A.R.E. at Your School

The C.A.R.E. Program is a nationwide effort to train young men and women to intelligently manage their credit cards and credit-card debt. The information in this brochure is just a sample of the information shared through the C.A.R.E. Program.

Judges, attorneys, and other professionals in the judicial system are available to deliver informative presentations to your students.

The C.A.R.E. Program presentations can be delivered to large or small groups and can be tailored to fit your schedule.

If you are a school administrator or teacher interested in scheduling a C.A.R.E. presentation at your school, please visit our website or contact our C.A.R.E. Program coordinator listed below.

## C.A.R.E. CONTACT INFORMATION

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