

Common Questions About Debt Management Plans

Getting trusted education is the first step toward building healthy money habits. The following are common questions GreenPath counselors hear most often about the Debt Management Plan.

▶ How do I know the Debt Management Plan is not a scam?

GreenPath is a highly rated national nonprofit and a trusted neutral third party consistently achieving an A+ rating with the Better Business Bureau. GreenPath's caring counselors helped individuals pay off more than \$185 million in debt in 2022 alone. Creditors support our mission because they share our belief that Debt Management Plans result in positive, long-term outcomes.

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▶ Why do I need to close my credit card accounts?

The goal of a Debt Management Plan is to eliminate your debt, and the process begins with closing the credit cards included in your plan. Although many creditors will usually allow you to keep one card out of the plan to continue using for emergencies and travel, concessions, such as a lower interest rate, are typically conditional on the account being closed. Closing accounts also sets you up for success, knowing what your payment will be every month from now until your debt is paid off. Generally, once creditors agree to the program, collection calls will stop, and you'll see your balances decrease as you start to make payments.

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► How much does enrollment cost?

GreenPath's Debt Management Plan fees (disclosed up front, prior to enrollment) are calculated based on what state you live in and the amount of debt you carry when you enroll in a Debt Management Plan. There is a one-time setup fee that ranges from \$0 to \$50 and a monthly fee that ranges from \$0 to \$75. These fees are minimal when you consider the amount of money you will be saving in waived late fees and reduced credit card interest charges across time. As a non-profit, these fees go to cover operational expenses that allow us to facilitate debt repayment and provide support to you throughout your entire Debt Management Plan.

► Will a Debt Management Plan hurt my credit score and history?

When you enroll in a Debt Management Plan, GreenPath does not notify or report to credit bureaus (Experian, TransUnion, or Equifax). You may see a temporary dip in your credit score initially when your credit cards close. The good news is, over time many people see their scores increase, especially if your credit cards were maxed out or you have missed any payments. When creditors work with GreenPath and accept proposals, they typically report on-time payments to the bureaus, which positively impacts your credit history. If you are considering a Debt Management Plan, GreenPath's counselors will work with you to understand how you can expect your credit score to be impacted based on your credit history.

► Why can't I just do this on my own?

In recognition of GreenPath's established reputation as a trusted, national nonprofit credit counseling agency, creditors are more eager to work with GreenPath. Creditors understand that GreenPath's certified counselors provide holistic financial guidance for individuals enrolled in a Debt Management Plan and, in turn, are more inclined to offer excellent concessions that may not be available without our assistance.

"It was freeing to have a plan, especially with such supportive counselors."

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▶ How long does a Debt Management Plan take?

There is no one-size-fits-all approach when it comes to paying off debt. The duration of your plan depends on how much debt you have when you enroll with GreenPath. Generally, most plans are completed in three to five years. While results don't happen overnight, you can take comfort in knowing that you've made a proactive step toward shaping healthy financial habits: 89% of people who have completed a GreenPath Debt Management Plan report improved spending habits. You are also welcomed and encouraged to pay your debts off early – there's no penalty for making extra payments as you are able.

▶ What happens if I have a financial emergency or need to change my plan?

We understand that life happens. We can't always predict sudden fluctuations in our financial picture, and for this reason, GreenPath's Client Success Team is solely dedicated to your success in the program. We pride ourselves on being empathetic and innovative, and we're confident that most bumps in the road can be overcome by working together to help you achieve your goals. If you are ever concerned about your ability to make your payment, reach out to GreenPath as soon as possible so we can review your creditors' policies and work with you to come up with a path forward.

Still have questions?

For further insight, talk with GreenPath's qualified financial counselors—an initial consultation is free and 100% confidential.

877-337-3399

"I had so many questions, so many doubts. He [the counselor] offered some amazing solutions."