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RECORD NUMBERS OF NEW YORK'S SENIORS FALLING INTO CREDIT CARD DEBT

*Many Do Not Understand How Credit Cards Work;
Spiraling Debt Precipitating Personal Financial Crisis*

*MFY Legal Services Announces New Initiative to
Provide Consumer Education and Legal Support*

MFY Legal Services, Inc. (MFY) announced last night, at its first annual Spring Fete fundraiser, that it is seeing record numbers of New York City's seniors falling into credit card debt. MFY has identified the trend in conjunction with its newest initiative focused on providing assistance to certain disadvantaged residents of the city who are unable to understand how credit cards work, and are unable to manage the ramifications of spiraling credit card debt.

Addressing approximately 400 of the city's attorneys at last night's event, Karuna Patel, MFY Staff Attorney who heads the recently launched consumer law project, said, "This is a problem that is only going to get bigger in the next several years." Patel added, "Education is critical to stem confusion and unneeded losses."

For people who live from one Social Security or disability check to another, falling behind on credit card payments can precipitate a devastating financial crisis. "We're seeing cases of seniors who have paid \$1,500 toward a \$300 balance and still owe \$1,800 because of escalating credit card charges, and others who suddenly found their bank account frozen because their identity had been stolen," said Patel.

"Many Americans—both old and young—don't understand the potential danger to their financial security that is hidden in the terms of credit card agreements. Falling behind on payments has an escalating effect, and seniors need to take action if this happens," said Patel. MFY conducts consumer education workshops for seniors at centers throughout the city and advises seniors who are in debt and facing collection efforts to:

- Keep all of your papers, including all correspondence bank statements, and benefit award letters.
- Guard all funds that are exempt by law from collection by keeping them in a separate bank account and having them deposited directly into that account. (Social Security, SSD, SSI,

public assistance, veterans benefits and most pension income are exempt from collection by almost all non-governmental creditors.)

- Assert your rights to be free from harassment by debt collection agencies. You can stop collection agencies from contacting you by writing them a letter telling them that under the federal Fair Debt Collection Practices Act, they must stop calling and sending you mail unless and until they sue.
- Respond to any court papers you receive. Failure to respond can make matters worse. Seek professional advice and counsel immediately.

While low-income seniors and disabled people are the most vulnerable, debt problems plague a wide spectrum of retirees. During the 1990s, newly-retired seniors saw their credit card debt grow 217% as the rising cost of housing and health care, combined with declining retirement wealth, eroded their economic security. The number of older Americans filing for bankruptcy tripled in the same period, making them the fastest growing age group in the bankruptcy courts.

Seniors can access basic information on credit card debt on MFY's web site at www.mfy.org as well as links to other information and resources.

MFY Legal Services, Inc., founded in 1963, provides free advice, counsel and representation to low-income New Yorkers on a wide array of civil legal issues, including housing, public benefits, disability rights, civil rights, employment and workers' rights, consumer issues, elder law, and foster care adoptions.

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