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# Your Money

PERSONAL FINANCE

Take action now to prevent debt problems from sinking you as the economy slows

## Surviving debt

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News Business Reporter

**T**he financially strapped come from all sorts of backgrounds, but they share some common behavioral quirks. For example, they often dread answering the phone because there might be a pushy bill collector on the other end. And they don't like to think about certain topics, like the total balance on their credit cards.

These are some of the warning signs of a debt problem, a problem that is on the rise in Western New York, experts say. As the economy slows down, bankruptcy filings are increasing, and debt counselors are getting busier.

"We are seeing quite a few people

—some of it is due to layoffs," said Ed Williams, senior counselor at the Consumer Credit Counseling Service of Buffalo. "Most of us don't pay much attention to (debts) as long as there's a steady cash flow that allows us to do most of the things we want to do."

The credit counseling service is a non-profit organization, backed by credit card issuers, that provides free help to overextended borrowers. The Buffalo office is seeing about 350 borrowers a month, Williams said, the highest monthly rate since 1999.

Anxious debtors looking for a way out may be tempted by illegal credit repair schemes, which leave them in more trouble than before, according to the Federal Trade Commission. The prolific ads that promise to erase accurate information in your credit history are nothing more than an invitation to commit fraud, the agency said.

But there are legitimate ways to go about reducing the amount you owe by negotiating with creditors and budgeting your income, experts say, without hiring an attorney and adding to your debt woes with legal bills.

For many debtors, "their reaction is to be defensive or not want to deal with it at all," said Brett McWhorter Sember, a Clarence attorney and author of legal self-help books. "But there are a lot of things you can do to fix your credit."

In her book "Repair Your Own Credit and Deal With Debt," Sember lays out major tactics for taking on a debt problem and winning.

The first step is getting a handle on income and expenses. That means tracking where your money goes each month, then taking account of

investors should be more circumspect and not focus just on absolute performance. Instead, they should measure a fund's returns against its peers, and look at whether management has stuck to its mission.

If your tech fund is down 30 percent in 2001, for example, you might want to send the manager a thank-you note, because the average tech fund has fallen nearly 55 percent.

"The question to ask is whether your fund really is underperforming," said Russel Kinnel, Morningstar's director of fund analysis. "Two years ago people asked, 'Why would anyone want to buy Clipper or Vanguard Windsor II?' The answer is, those were 'deep value' funds that were out of favor, with good managers who could take full advantage when the pendulum swung back."

Windsor II lost just 8.4 percent this year through Friday, while Clipper posted a small gain. Both funds have solid long-term records.

Though Janus Mercury has been a laggard this year, Lammert's returns for the trailing three and five years are still in the top 10 percent of the large-stock growth category, Kinnel noted. He calls the fund a keeper.

Invesco Blue Chip Growth, however, is the type of fund Kinnel said he

See **Debt Page D2**

See **Funds Page D2**