

Cutting debt is this year's top resolution

More Americans make paying off debt a priority



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NEW YORK - Americans seem to be gaining self-awareness about how debt-laden they are and have made paying off debt a priority in the new year

beating out weight loss as a resolution for the first time in recent years.

According to a new study by Cambridge Credit Counseling, an Agawam, Massachusetts-based credit counselor, 28 percent of Americans have made said slashing debt their No. 1 New Year's resolution in 2004. In 2003, losing weight and shedding debt were equal priorities, and in 2002 losing pounds outweighed cutting credit card debt, the company said.

"It's quiet clear consumers are starting to realize they are in over their heads in debt,"

Chris Viale, chief operating officer at Cambridge told Reuters. "Consumers have a false sense of financial stability with all the credit extended to them."

According to the Federal Reserve, consumer debt totaled \$1.977 trillion at the end of October, up \$81.9 billion from the end of 2002.

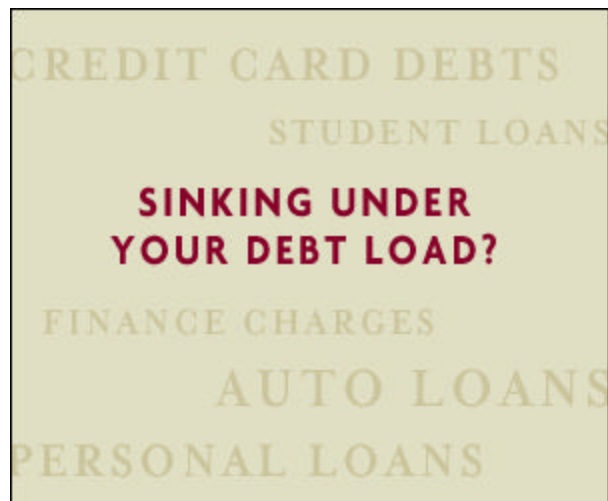
'Over 35 million consumers are facing the reality they are in over their heads with credit card debt.'

— CHRIS VIALE
Cambridge COO

"One out of three U.S. households is in a position where they are over the limit on (credit card) accounts or behind in one of their accounts. (Also) Credit limits were extended to higher levels and gave them the ability to live above their means," said Viale. "Over 35 million consumers are facing the reality they are in over their heads with credit card debt."

Cambridge Counseling's survey of U.S. indebtedness found that people saddled by debt, Cambridge Credit Counseling Corp said a third

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of those calling in for help in managing their debt expressed frustration with high bank rates and fees.

At the same time, just over 23 percent said incomes have been reduced by lower salaries, less overtime and layoffs.

The survey of 1,000 consumers, known as the Cambridge Consumer Credit Index, was conducted by ICR of Media, Pennsylvania.

Other priorities in the new year for consumers, according to Cambridge Consumer Credit, include getting a better job and improving personal relationships.

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