

Complete Creditors' Rights Service for NJ & PA

CREDIT & COLLECTION MATTERS

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The New Breed of Debt Collection Professionals ...



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CONTACT

To learn how we can be of service to your business please visit us on the web

www.saldutticollect.com

1-877-809-4345

TEL: (856) 779-0300

FAX: (856) 779-0355 - fax

NJ: Cherry Hill/Lawrenceville

PA: Philadelphia/West Chester

CREDIT CARD DEBT SURGES IN MAY

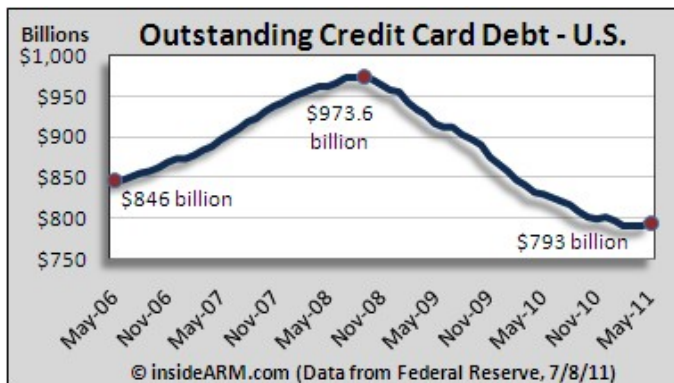
U.S. consumers took on credit card debt in May at the fastest rate in years, according to the Federal Reserve. In the Fed's monthly consumer credit statistical released last month, member banks reported a 5.1 percent annual increase in revolving debt, principally comprised of credit card loans. Banks reported adding \$3.3 billion to current outstanding credit card balances in the month to stand at a total of \$793.1 billion.

May marked only the second time in nearly three years that credit card debt has expanded. Credit card debt peaked at \$973.6 billion in August 2008. Since then, total credit card debt outstanding has been steadily contracting due to banks charging off debt at a record pace and tightening standards for new card issuance.

Non-revolving debt – comprised of closed end credit like student and auto loans – rose at an annualized rate of 1.3 percent in May. The non-revolving debt reported by the Fed in its monthly report, also called G.19, does not include mortgages and home equity lines of credit.

Total consumer credit outstanding was \$2.432 trillion in May. The month marked the eighth-straight that over consumer credit outstanding has increased. In prior months, the gains were driven primarily by auto and student loans.

Source: Inside ARM



YOU MAY NOT RETIRE UNTIL YOU'RE 80

Americans better get used to working longer, even until they are 80 years old, according to a study by the Employee Research Benefit Institute (via Robert Powell at MarketWatch). Naturally, those with lower incomes will need to work longer. Here's how it breaks down:

- If you make around \$11,700 dollars a year you have to work to age 84 to have a 50% chance of affording retirement.
- If you make between \$11,700-\$31,200 a year you have to work to



age 76 to have a 50% chance affording retirement

- If you make between \$31,200-\$72,500 a year you have to work to age 72 to have a 50% chance of affording retirement.
- If you make \$72,500 or more a year you have to work to age 65 to have a 50% chance of affording retirement.

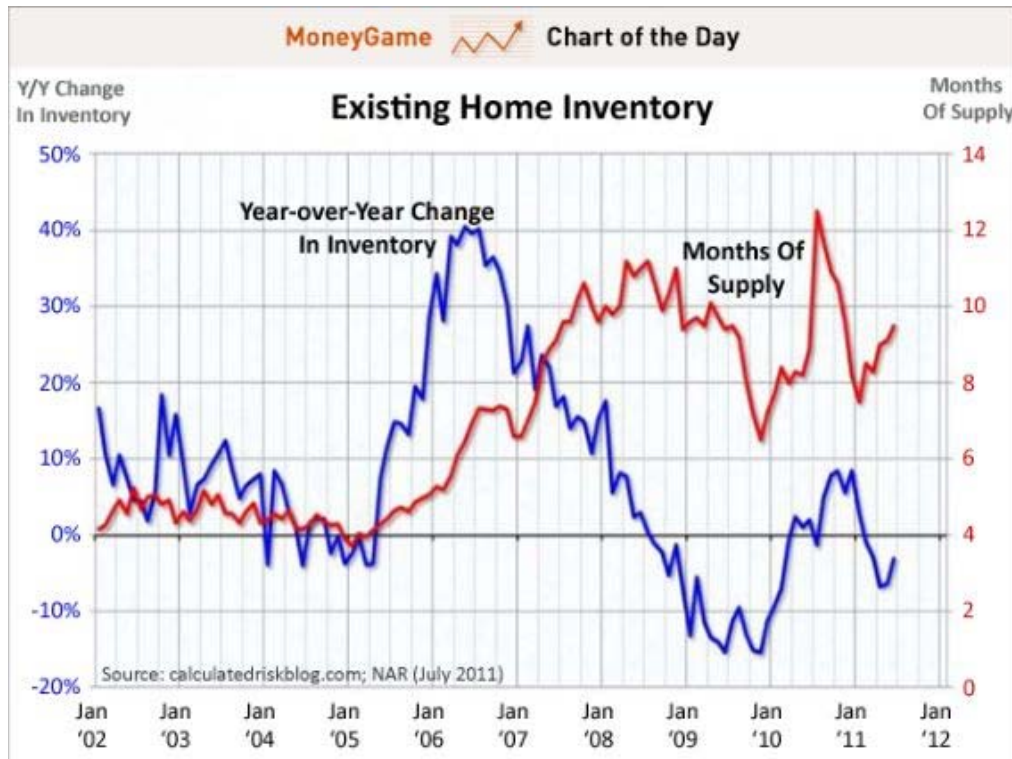
This study does point out one bright spot for those working past 65 though. If you are putting your money into some kind of retirement fund, your chances of saving enough increase substantially.

From the report:

One of the factors that makes a major difference in the percentage of households satisfying the retirement income adequacy thresholds at any retirement age is whether the worker is still participating in a defined contribution plan after age 65. This factor results in at least a 10 percentage point difference in the majority of the retirement age/income combinations investigated.

Source: The Business Insider/MarketWatch

A V-SHAPED RECOVERY THAT HOMEOWNERS WON'T LIKE



The National Association of Realtors recently reported disappointing existing home sales. Here's what makes the number particularly ominous. Housing supply is continuing its sharp "v" pattern, as it shoots towards 10 months. As long as this is going up, expect more headaches, lower prices, and overall housing market misery. (via Calculated Risk)

Source: The Business Insider

CONSUMER BANKRUPTCY FILINGS DOWN 8%



U.S. consumer bankruptcy filings totaled 709,303 nationwide during the first six months of 2011 (Jan. 1-June 30), an 8% decrease from the 770,117 total consumer filings during the same period a year ago, according to the American Bankruptcy Institute (ABI), relying on data from the National Bankruptcy Research Center (NBKRC). The overall June consumer filing total of 119,768 represented a 5% decrease from the 126,270 filings recorded in June 2010.

“The drop in bankruptcies for the first half of the year shows the continued efforts of consumers to reduce their household debt, and the overall pull back in consumer credit,” said ABI Executive Director Samuel J. Gerdano. The June 2011 filings did represent a 4% increase from the May 2011 consumer bankruptcy total of 114,803 filings. The percentage of chapter 13 filings for June was 28%, a one percent increase from May.

U.S. CONSUMERS CUT SPENDING IN JUNE

U.S. consumers cut their spending in June and saved at a faster rate, signs that reinforced the economy's lack of vigor. Spending decreased 0.2% after rising an upwardly revised 0.1% in May -- the biggest drop since September 2009. Incomes rose 0.1% after increasing 0.2% in May.

The data follow a report Monday that showed the U.S. manufacturing sector -- a onetime driver of the economy -- barely expanded in July. The Institute for Supply Management's manufacturing index was at 50.9% -- the lowest level in two years -- down from 55.3% in June.

Source: Wall Street Journal

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Saldutti, LLC 856 779-0300
www.saldutticollect.com