

Credit Busters

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Have you ever seen the two magical words "credit life" on a loan or a credit card application? They are "magical" because with just the stroke of a pen, those two words can add up to a full one percent to the cost of your loan or to the total on your credit card. That's magic!

Banks and credit card companies love this kind of magic. It puts lots of dollars in their pockets and takes lots of dollars out of yours. Ah yes, the essence of life -- credit life, that is!

I'll bet that you have some of this stuff growing like a parasite on a loan or credit card debt somewhere. Little by little, it is taking hard-earned dollars out of your wallet like an adept pickpocket. This insidious stuff shows up in the best of families and even the biggest of banks, and yes, even on those precious metal credit cards. You know the ones I'm referring to: the ones made out of gold and platinum. I have found this stuff on lease agreements, auto loans and even mortgages. You can never be sure where it will turn up.

I have joined an elite group of people who, like the infamous "ghostbusters" who risked being "slimed," have become the "credit busters." Armed with magnifying glasses and legal dictionaries, we are out to rid the world of this disease that is trying to take your money. If you will raise your right arm, I will swear you in so you too can join this group.

Let's start with car loans. On the paperwork, look toward the bottom until you see one little line that says, "Include credit life?" If it is checked yes, you've got it. By the way, don't be shocked if you also see a line that says, "Include credit disability?" Yes, they have gotten into that business, too. If you do not have your papers at hand, just call your bank or credit union and ask if this is included. If it is, ask how to get it removed ASAP!

This stuff has also found its way into the leasing industry in a big way. Pull out all of your leases and put that magnifying glass to work! You can also just give them a call, too, and see if they can get that information for you.

At this point, you are probably wondering why this stuff is everywhere! Banks make more money on credit life than they do on the loan itself; so do credit unions, leasing companies and credit card companies. You will pay more for that credit life that only pays off the loan than you will pay for life insurance that runs forever and builds equity for you!

There is only one case where this stuff is any good. Since I am swearing you in soon, I will share this secret with you, too. If you are totally uninsurable, it's a bargain. If you are uninsurable, maybe it is time to make a very large loan and ask for the credit life. Once you get it, just put that money into a money market account. When it's time for you to exit, the loan will be paid off by the insurance and your family will have the money in the account. I hope you are not in that position, but if you are, or if you know someone who is ...

Let's get back to the matter at hand. Mortgages are a good one to look at for credit life and disability. They are usually loaded up with this coverage. The lending institutions can make a lot on this loan. Time to -- pardon the pun -- clean house!

Check any and all loans that you have. You can save yourself a bundle. Maybe you can use that liberated money on something truly worthwhile, like a gift of appreciation for yours truly. Only kidding ... partially.

Okay: we have covered a good portion of what this stuff is, where it is hiding and how to rid yourself of it. It's not an easy task, but one that will reward you handsomely for the time invested. I just hope you are up to it. They won't give up without a fight, so be prepared. Good luck! Now again, raise your right hand and repeat after me ...

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