

What's Worrying You: 'I Have Too Much Debt!'

What's Worrying You? Let Us Know.



Reporting

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NEW YORK (CBS) — CBS 2 has been asking viewers what has them most concerned when it comes to surviving this financial crisis. We've been flooded with e-mails and in our next feature story from our responses, CBS 2's Sean Hennessey meets a woman on disability who says everything in her life is on the line, from selling her apartment to moving out of the city she loves.

For Ann Cavallaro, the financials are frightening: a demand for \$11,000 here, or another \$15,000 there.

"We have letters from collectors," she says. "I have about \$100,000 worth of debt."

And it's all from credit cards that were first used to pay for medicine when Cavallaro became disabled.

Then soon, they were used for everyday life.

"Suddenly you have a debt cycle," she says, "and you begin to use debt to pay debt which escalates even faster."

With limited income because of disability payments, no savings, no retirement, and mounting debt, the 60-year-old has to sell her Upper East Side co-op, her home for almost 40 years.

Once Cavallaro sells, one of her options is to take proceeds and clean out her debt. But financial planners say that may not be the best idea.

"I'd rather see her have the money available," says Scott Kahan, a financial planner.

Kahan says Cavallaro should keep the money and begin having a conversation with creditors now about a payment plan. He also suggests talking with a bankruptcy lawyer to see what the options are, and knowing what her cash flow is. Paying off all that debt now might hurt her down the road.

"She pays off all the debt, let's say she has very little left, now she needs to move, she needs a security deposit. Where does that money come from? Back to credit cards. Turn around in two years you have all this debt built up," he adds.

Back at home where she's caring for her mother, a tearful and fearful Cavallaro says the pressure is on.

"There's no room for mistakes," she says. "I need to make a sound decision. There's no room for error."

She would agree there's already been too much of that.

Cavallaro thought she might be able to get herself out of debt last year when she found a buyer for her co-op, but the board rejected the buyer. On Tuesday night, the board will review a second buyer.

We want to know what financial concerns have you worried? From housing to basic food costs and everything in between.