



HOW TO WORK YOURSELF OUT OF FINANCIAL STRAITS

BY NEIL COHEN

The financial press generally concentrates on advising people how to save or spend their money. But what about the people who are in financial straits? This column offers some ideas on what to do and where to turn for people who are in financial trouble.

Before that, though, a word on what not to do: Don't ignore the problem and hope it will go away; Don't borrow on the 'grey' market, where interest rates are usurious (currently 48 percent a year), and compound rapidly; Don't borrow from Peter to pay Paul. This approach usually catches up

sooner or later unless you can find a very patient benefactor, which, if you can, is a good way to go.

There is nothing that creditors appreciate more than honesty. They are likely to be much more sympathetic if you make a clean breast of your situation, telling them that you can't pay and explaining clearly why not, than if you feed them excuses and promises. There is a tendency among certain people to convince themselves that just one more loan will see them over the hump and then everything will be OK. It usually doesn't work like that. Getting out from under debt is

usually a painful slog.

Consolidating debts is often a sound approach. Get one lender, preferably your bank, to agree to take over all your debts. This will make administration easier and, if you can come to an agreement, it will mean that you significantly reduce the number of creditors who are constantly chasing and threatening you. You should then work out — any responsible lender will insist on this — and try to agree to a repayment schedule that is based on a realistic and genuine assessment of your income and expenditures. There's no point in setting a schedule which you're never going to be able to keep.

For all the perceived deterioration in Israeli society, there is still a lot of help available out there. Many organizations maintain modest funds which offer low-interest or interest-free loans with easy repayment terms to those in need, including many immigrant organizations. There are also dozens of g'machim (g'milut chesed or charitable funds) which

were established to help people in need. While they do not usually publicize themselves, your local rabbi should know of one or two. They are most common in the observant community and indeed many synagogues maintain a g'mach fund.

One such fund which does publicize itself is the Israel Free Loan Society, run by social work professor Eliezer Jaffe. Jaffe set the society up almost six years ago, primarily to help new immigrants in their first years in the country, especially when their immigrant rights run out. The society aims at helping people to help themselves, insisting that loan recipients have a fixed income and two guarantors. It lends to help people cover medical bills, to augment government mortgages, to buy or furnish a first home, to start a business, to buy food or to pay for tuition. It assists families before the holidays and helps people get out of debt. And in addition to the financial assistance it provides, its staff and volunteers have a wealth of experience in dealing with most of the problems that people face.

In general, the society will lend up to \$1,000 for urgent daily needs, the same amount to immigrant students, up to \$2,500 to help Ethiopian immigrants find permanent housing, up to \$5,000 to families with disabled children at home, up to \$700 for large families and one-parent families and up to \$15,000 to help start a small business. ●

