Should seniors bother paying off debt?

October 10, 2012 | Quentin Fottrell

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At some point, is one too old to bother paying off a debt?

Consider this Kansas couple saddled with $120,000 in debt on 13 credit cards. Jim Bostick, then 68, and his wife Francine, then 57, feared they'd spend their golden years in the red. Then "Jim was diagnosed with Alzheimer's and I knew he wouldn't be able to continue working," Francine says in this interview with **The National Foundation for Credit Counseling**. "With the debt that we had there was no way we could pay it. I lay awake at night," she says.

The couple finally took action. Francine reached out to the non-profit Housing and Credit Counseling Inc. in Topeka, Kan., a member of the national foundation. In addition to her full-time job, she took an evening cleaning job and launched her own Avon business. Despite his condition, Jim, who was a maintenance and custodial supervisor at Kansas State University, worked 30 hours per week to help the couple stick to their household budget and $2,500 a month repayment plan. "It was probably the greatest thing I ever did," Francine says.

But was it the smartest?

Based on their age, they should have explored filing for bankruptcy, some experts say. "I think the couple did the ethical thing, but it probably was not in their financial best interest to do what they did, especially at their age," says Wade Westhoff, a financial adviser based in Danville, Calif. Couples facing retirement – especially if they have already paid off their mortgage – have less reason to worry about the impact of a bad credit rating, he says. "They could have wiped the slate clean."

The Bosticks were offered bankruptcy as one solution, says Marilyn Stanley, COO of the Housing and Credit Counseling Inc., but they chose not take that route. (The organization typically charges a maximum of $45 for counseling services over a six-month period, she says, although it doesn't turn away people who are unable to pay.) "Bankruptcy is used as a management tool for some people," Stanley says. "but the Bosnicks felt responsible for their debt."

Others agree that the Bosticks took the only right course of action. "If people in debt don't pay it off you and I will have higher fees and interest rates," says financial adviser David Hefty, CEO of Hefty Wealth Partners in Auburn, Ind. Plus, he says, the Bosticks didn't have any medical emergency. "Everyone wants nice things," Francine says; "we used credit cards to get them."

For their fortitude, the Bosticks were named "Clients of the Year" by the NFCC.

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