

Trouble paying bills? Web site offers guidance

I could be laid off in a few months, cutting our household income by half. What should we do if we can't pay the bills?

That's a good question to be asking now, before unpaid bills and an empty bank account are staring you in the face. When someone loses a job, the emotional impact can cause just as many problems as financial ones: Fear and uncertainty can slow decision-making and affect your judgment. So, it's wise to take a few steps today to plan for the worst, just in case.

A good place to start is <http://www.eXtension.org>, a web site that brings together experts from land-grant universities from across the nation on a variety of topics, including family finance. You'll find lots of information on "Managing Money in Tough Times." In particular, "Deciding Which Bills to Pay First" (http://www.extension.org/pages/Deciding_Which_Bills_to_Pay_First) offers great advice, including:

- Gather the facts. Know what you make and what you owe, and how much money is needed to cover your family's essential monthly living expenses. Determine if you have assets you can sell or if you have items you can return that would erase your debt on them. The Web site offers a one-page form to download and print to list all of your creditors, including the interest rate you're paying and the balance owed on each debt to give you an at-a-glance look at how much you owe.

- Determine which of your creditors need to be paid first. To do this, you'll need to ask yourself several questions, including what affects your family's health and security the most (usu-



ally the mortgage or rent, utilities, food, transportation, and medical insurance); what you'll lose if certain bills are not paid (your home, car, furniture, appliances, other items?); what interest rates you are paying on your debts; and how your credit record will be affected.

- Decide on a repayment plan. The Web site offers a number of tools that can help, including a link to PowerPay (<https://powerpay.org>). This free, protected site allows you to input information (creditor, amount owed, interest rate) for all of your debts and helps determine a repayment plan that will save you the most money in interest charges.

As soon as you realize you'll have trouble paying the bills, set up a realistic household budget and figure out what you can pay to creditors. Then don't hesitate to contact your creditors to explain your situation. The Web site offers advice for those conversations, including a sample letter you can personalize to mail or use as a guideline for person-to-person conversations.

A credit counselor could be a big help in your situation. To find a reputable one, contact American Consumer Credit Counseling at (800) 769-3571 or see the National Foundation for Credit Counseling Web site at: <http://www.nfcc.org>. The counseling service is free, but a nominal fee may be charged when the service prepares a debt repayment plan for you.

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