

Dealing with debt

What's included:

- *Reentry Tool: Tracking your debt worksheet*
- *Reentry Tool: Ways to help with your debt checklist*

What to do:

Justice-involved individuals may have criminal justice debt. Many individuals may not know what those debts are or their significance. Identifying and tracking criminal justice debt, along with other debt, can help clients prioritize their debt payments.

- Use *Reentry Tool: Tracking your debt worksheet* to help your client create a list of debts and identify the potential consequences of not paying.
- Use *Reentry Tool: Ways to help with your debt checklist* to help your client understand the options they have in addressing their debt.
- Reference *Your Money, Your Goals* toolkit, *Module 6: Dealing with debt* to see if there are other relevant debt management tools.

What to say:

"If you can afford to pay all your debts, you should. If you can't pay them all now, after you list the debts, you may want to prioritize them based on the consequences of not paying the debt. For example, you may want to prioritize those debts that could contribute to your reincarceration if you do not pay or could result in the loss of your car or driver's license.

If you have been involved with the criminal justice system, it's possible you have court ordered criminal justice debt. If you do not know whether you owe fees, fines, or restitution, contact the court(s) and/or ask your lawyer or probation officer. The consequences of not paying this debt may be a change in your terms of supervision or reincarceration so it is important to find out."

To access a dynamic and fillable version of this tool, visit: www.consumerfinance.gov/practitioner-resources/your-money-your-goals/companion-guides.



Ways to help with your debt checklist

Use the following checklist to help you manage your debts, especially if you find that you cannot afford to pay all of them now. Review the list below and check off the strategies that you would like to try out.

Prioritize your debts

List your debts starting from those with the most serious consequences first. Use *Reentry Tool: Tracking your debt* and toolkit *Module 6: Dealing with debt* to prioritize your debts based on the consequences of not paying.

Negotiate a payment plan or a reduction of your debt

Contact the governmental organizations, courts, and businesses you owe money to. See if they are willing to set up a payment plan or reduce the amount you owe. Before beginning to negotiate, figure out what you can afford to pay each month. Don't agree to a repayment plan that you cannot afford.

If you owe money on a debt that is in collections, you may want to contact an attorney through a legal aid organization before contacting the creditor or debt collection company. See last box below for your rights in debt collection.

Be sure you are not settling a debt without understanding the potential impact. If you settle a debt, any savings you get from paying less than the full amount owed may be considered income and taxable. If you make a small payment on an old debt, one that is past the statute of limitations, it may restart the clock for suing you on that debt.

Watch out for businesses that state they can eliminate your debts

Watch out for debt settlement or consolidation businesses that:

- Charge any fees before they settle your debts.
- Tout that there is a "new government program" to bail out personal credit card debt.
- Guarantee to make your debt go away or that unsecured debts can be paid off for pennies on the dollar.
- Tell you to stop communicating with the creditors.
- Tell you they can stop all debt collection calls and lawsuits.

Visit a nonprofit Consumer Credit Counseling Service agency

They can often give you advice or create a Debt Management Plan (DMP) for you. They may also negotiate with your creditors on your behalf. There may be fees for these services. To find a Consumer Credit Counseling Service (CCCS) agency in your community, visit nfcc.org/agency-locator.

For court-related debts, explore payment plans, reductions, and waivers

Payment plans involve creating an installment plan of the amount owed where an individual will make regular payments on the debt. Reductions are a lessening of the amount owed. Waivers are a setting aside of the fee or fine.

Court-ordered debt related to your involvement in the criminal justice system may affect the terms of your supervision/probation and failure to pay this debt may lead to reincarceration. If you do not know whether you owe fees, fines, or restitution, contact the court(s) and/or ask your lawyer or probation officer.

Know your rights in debt collection

A debt collector covered by the FDCPA cannot:

- Call repeatedly with intent to abuse or harass you.
- Use obscene language.
- Threaten you to take actions they can't or don't really plan to take.
- Publish your name for not paying a debt.
- Lie to you about the debt.

If debt collectors harass you, they may be breaking the law. It's a good idea to keep a file of all letters or documents a debt collector sends you and anything you send to a debt collector. Record the dates and times of your conversations and take notes about what you discussed. These records can help you if you have a dispute with a debt collector, meet with a lawyer, or go to court.

Need to submit a complaint? Visit consumerfinance.gov/complaint or call 855-411-CFPB(2372).

Note: If debt collection efforts seek to recover criminal-justice debt, these protections may not apply.

This tool is included in the Consumer Financial Protection Bureau's *Your Money, Your Goals: Focus on Reentry* companion guide. The CFPB has prepared this material as a resource for the public. This material is provided for educational and information purposes only. It is not a replacement for the guidance or advice of an accountant, certified financial advisor, attorney, or otherwise qualified professional. The CFPB is not responsible for the advice or actions of the individuals or entities from which you received the CFPB educational materials. The CFPB's educational efforts are limited to the materials that CFPB has prepared.