

Choosing how to pay bills

Your choice of bill payment methods may help you save time, save money, avoid additional or unnecessary fees, and create a reliable track record of bill payments.

In general, you can pay your bills using:

- Cash
- Checks
- Credit or debit cards
- Money orders
- Online or mobile bill payments
- Prepaid cards

Picking a method that helps you consistently pay your bills on time can help you build a payment record that may improve your ability to access credit.

There are benefits and drawbacks to each method. For example, if you prefer to pay bills in-person using cash, you have to get to a payment location, which costs you time and gas money or transit fare. If you use automatic bill payment from a checking account, you'll save time, but you'll need to make sure you have enough money in the account to cover the payment. Otherwise, you may risk a rejected payment or an overdraft fee. If you pay by credit card and can't pay off the balance in full each month, you'll have to pay interest, which will add to what you owe.

What to do

- **Read through the bill payment methods.**
- **Consider the features of each.** Some features can be either advantages or disadvantages, depending on what is important to you.
- **Decide which method to pay your bills is the right choice for you.** Remember that you don't have to pick just one payment method for all your bills. For example, you might put your rent or mortgage on automatic payment but pay your other bills one by one with cash.



Choosing how to pay bills can help you save money and time

1. Evaluate the benefits and risks of each bill payment method.
2. Write down questions you have about options that you think could be right for you.

	✔ BENEFITS	! RISKS	? QUESTIONS I HAVE
Cash	<ul style="list-style-type: none">● Easy to use and understand● There are often no fees, unlike getting a money order or a prepaid card	<ul style="list-style-type: none">● Requires bills be paid in person● Difficult to prove payment unless you have a receipt● May be stolen	
Check	<ul style="list-style-type: none">● Convenient once checking account is set up● Can be mailed● Easy to prove payment if there's a dispute● Funds in the checking account are secure	<ul style="list-style-type: none">● Likely requires a checking account, which may not be possible if you have a negative banking history● If you don't have enough money in your account to cover your check, you may be charged nonsufficient fund or overdraft fees● Can get lost in the mail	

✔ **BENEFITS**

! **RISKS**

? **QUESTIONS I HAVE**

Credit card	<ul style="list-style-type: none">● Can pay bills by phone or online● Can make one-time payments or set up recurring (automatic) payments, which reduce the chance of paying a bill late● Easy to prove payment if there's a dispute● Protected from paying for unauthorized charges	<ul style="list-style-type: none">● Creates debt—you are borrowing money when you use a credit card● Costs more if you can't pay the full balance and have to pay interest● Creates another bill to pay once the credit card bill is due	
Debit card	<ul style="list-style-type: none">● Convenient and saves time● Can make one-time payments or set up recurring (automatic) payments, which reduce the chance of paying a bill late● Easy to prove payment if there's a dispute	<ul style="list-style-type: none">● If there isn't enough money in the account when the automatic debit happens, you may have to pay additional fees● If you have an issue with the card and you have to replace it, you will have to remember to update the information with the billers that are being paid with automatic debit	

	✔ BENEFITS	! RISKS	? QUESTIONS I HAVE
Money order	<ul style="list-style-type: none"> ● Easy to understand ● Can be mailed ● Can be more secure than a check in some cases, as no personal banking information is on the money order 	<ul style="list-style-type: none"> ● May be inconvenient because you have to buy the money order ● Cost per money order ● May be hard to prove payment unless you have the money order receipt and receive the receipt for payment ● Hard to recover if lost 	

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