

Prioritizing bills

Making a short-term plan can help you identify the consequences of failing to pay certain bills. This can help you prioritize your expenses if you just can't pay everything.

You're responsible for paying all of your expenses on time. If you miss payments now, you'll have to make them up in the future. But when you don't have enough money to cover your needs and obligations, you may have to make a short-term plan to get through the month.

Sometimes your plan may involve paying some bills late or missing a bill. When bill collectors are calling or you're trying to decide which of your obligations to pay first, it can sometimes just seem easiest to pay the "squeakiest wheel"—but this might not be the best approach. Sometimes you may need to ignore the squeaky wheel for a short time while you pay for necessities and build a plan for repayment.

What to do

- **Read through the list of expenses.** Identify what you need to pay to protect your housing and income, keep your insurance, and meet any court-ordered obligations.
- **Prioritize your bills.**



A step further

Don't ignore bills you can't pay. If you must miss a payment, call the person or company you owe the money to and explain that you will miss a payment and the reason for it. You may wish to contact a certified housing counselor or credit counselor for specialized assistance in building a plan to pay your debts and pay your monthly bills and expenses. Module 6: Dealing with Debt describes your rights in debt collection and includes tips for responding to debt collectors. For additional information on what debt collectors can and cannot do, visit consumerfinance.gov/consumer-tools/debt-collection/.





Prioritizing bills helps you manage issues when you can't pay them on time

1. Read through the items that apply to you and write down the monthly amount of each bill. It's OK to estimate if this amount changes from month to month.
2. If you can't pay all your bills at once, think about the order you pay them in. Weigh the risks of not paying each one, then number them in the order you want to pay them, based on priority.

		AMOUNT	PRIORITIZE YOUR BILLS	CONSIDER...
 THINGS I NEED FOR A JOB	Transportation to get to work (car payment, gas or bus fare)			If you miss a car payment, you may have to pay a late fee. You risk possible repossession of your car, a negative entry on your credit record, and lowered credit scores.
	Equipment or uniform			
	Childcare			If your car is repossessed, you might have trouble getting to work and risk losing your job.
 INSURANCE I NEED TO PAY	Car insurance			Not having insurance may mean you can't drive your car, and it puts your assets, including your health and your family's health, at risk.
	Health insurance			
	Renters or home insurance			

**PRIORITIZE
YOUR BILLS CONSIDER...**

AMOUNT

 THINGS I NEED FOR HOUSING	Rent, mortgage, or property taxes			If you're late with rent, you may have to pay a late fee, risk possible eviction, and strain your relationship with your landlord.
	Gas, electric			
	Water, garbage, sewer			If you don't pay your utility bills, they may get cut off. Utility companies may charge fees to get reconnected.
 OBLIGATIONS I HAVE TO PAY	Credit cards			If you're late with your credit card payment, you may have to pay a late fee. You also risk a negative entry on your credit record, lowered credit scores, and higher interest rates.
	Loans (student, payday)			
	Child support			If you don't pay court-ordered obligations, like child support, you may face legal consequences.
	Court-ordered fines and fees			

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