



## **“Behind on your bills? Six tools to help”**

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Is debt causing you stress? Are you starting to feel the consequences of the holiday or everyday excess? Over-eating and over-spending are common activities during the holiday season and appear to be on the rise as daily behaviors for Americans.

According to National Endowment for Financial Education (NEFE) 2017 Living on the Edge publication, 36% of American's are considered “financially fragile.” Financial fragility is measured by an individual's ability to cope with unexpected expenses (emergencies) in a short timeframe. Specifically, \$400 within 24 hours and \$2,000 in 30 days. *Are you in this category? If so, do not despair, you can change it. You have control over your life and choices. You can harness your behavior if your survival is at stake.*

**Tool #1: Get some type of organizing system to track your money.** Organizing systems can be on paper or electronic or a combination of both. An example would include a three-ring notebook with labeled dividers to keep track of bills paid. Another system would be a small notebook, file folder, accordion file, box, basket, files placed into filing cabinet, or any other organized method that works for you. An electronic file would include an Excel spreadsheet, Word document, or an app that you use to track your money. The key is to use your organizing system! If you don't like it, ask others, google it, and change it. Always be looking for new ways or strategies to improve your organization system.

**Tool #2: Use SMART goals to help you change your behavior.** Goals need to be specific, measurable, attainable, realistic and have a time limit.

SMART goals and what each acronym mean:

S: Specific what is going to be done or accomplished?

M: Measurable how will you measure your progress (money, grades, weight, etc.)

A: Attainable is this a goal you can reach, is it within your power to control? If not, reformulate a new goal.

R: Realistic what do you want the end results to be?

T: Time Bound, define a clear deadline or end

Work on one goal at a time.

1. What is the ONE thing that you want to change? Write it down and share it with someone who will help you.
2. What can you promise yourself?

**Tool #3: Write down where your money comes from (Income).** Gather pay stubs, benefit statements, any record of payment. An example of income is money earned from your job, having a business, seasonal work (construction, recreational).

1. Write down the names of any income and benefits that you have. How many sources do you have?
2. List the amounts (gross or net).
3. List when you receive the income.
4. Total the amounts. Know when you get paid and when you have money to pay your bills/expenses. You can reduce late fees if you pay attention to timing.

**Tool #4: Look at what debts you owe. Create your Debt picture (debt log) then record monthly expenses**

1. Create a debt log, and create debt picture, if you choose.
2. Look at pictures (or words) then circle the debts you have.
3. Put a star on those debts that concern you the most. Prioritize the debts that concern you most and begin paying them first. Examples of debt would include student loan debt, medical debt, credit card debt, car loan, back rent, child support and more!

**Debt picture via debt log**

1. List all the debts you have (who you owe, how much total, when due).
2. Total monthly debt payments.
3. Circle any debts in collections.
4. Pay using your prioritized system.
5. If it does not work, MODIFY it.

## **Monthly Expenses-Where does my money go?**

1. List all the monthly expenses you have (who you owe, how much total, when due).
2. Keep all your receipts (in an envelope, folder or file) for two-three months to determine your expenses. Look at your bank statements (paper or online), to gather information from your check or debit card register about your expenses.
3. Can you guess how much you spent on groceries last month? Or how much were your total expenses?
4. Can this amount be reduced? How?
5. It is important to prioritize your bills (from high priority to low) and weigh the consequences and make a spending plan.

**Tool #5: Short-term Strategies to make extra money.** How can I earn more by working extra (or getting a second job short-term), selling something, cutting costs, or planning for expense (such as the grocery store)? What can we do to have enough money to make it through the month? What strategies or tips can I use to make my money stretch further?

1. What skills do I have?
2. What fees could I avoid? Example: late fee for paying a bill late.
3. Plans I can change to save money?
4. Habits I can reduce or change?
5. Other options for making more money?
6. Programs/resources to help me?

## **Tool #6: How do I make tough choices in tight months?**

In tight months, it is important to pay for a place to live, utilities, food, and a way to get to work. Other obligations such as child support or loans are included, however it is important to prioritize the costs of not paying certain bills/expenses.

In conclusion, there are many tools to help you get “back on track” with your money.