

Managing Your Money



Credit, Loans and Debt



Scams and Identity Theft



Toolbox

Credit, Loans and Debt

[Your Credit History](#)

[Using Credit](#)

[Payday Loans and Cash Advances](#)

[Car Title Loans](#)

[Managing Debt](#)

Managing Your Money



Credit, Loans and Debt



Scams and Identity Theft



Toolbox

Managing Debt

What It Is

What To Know

What To Do

print

AAA text size

listen

What is debt?

When you owe money to someone, you are in debt. Owing money is not always bad.

You might have a loan. You might use a credit card. If you do, you might be in debt.

But if you pay your bills when they are due, it might help your credit history.

When is debt bad?

Debt is bad when you owe money you cannot pay back. Debt collectors might call you. You might have legal problems if you cannot pay back the money.

Does debt hurt my credit history?

Sometimes, debt can hurt your credit history. For example:

- owing a lot of money on credit cards
- paying bills late
- not paying the minimum amount due
- skipping payments

These things can hurt your credit history.

Who can help me with debt?

You can do some things yourself. A credit counselor can help you. Credit counselors can help you make a budget. Credit counselors also can help you make a plan to repay your debts.

Debt relief services companies might offer to help. These companies are different from credit counselors. They might charge you high prices. And they might not really help.

Who are debt collectors?

Managing Your Money 

Credit, Loans and Debt 

Scams and Identity Theft 

Toolbox

Managing Debt

What It Is

What To Know

What To Do

 print

AAA text size

 listen

What can I do to get out of debt?

Start by making a budget. Write down how much money you make every month. Write down how much you spend every month. Include:

- rent
- car payment
- insurance
- utilities
- food
- gas
- credit card bills
- other bills

Look for ways to spend less money. You might not find ways to save. But it helps to write down what you spend. Then you can make a budget.

Learn more about [making a budget](#).

How else can I try to get out of debt?

Call the companies you owe money to. Explain why you have trouble paying your bill. Ask for a "payment plan." Some companies might let you pay less every month until you have repaid all the money.

Call the company before it sends your debt to a debt collector. Many debt collectors will not accept a payment plan.

How can I get help?

Credit counselors can help you make a budget. Credit counselors also can help you plan to repay your debt.

A good credit counselor will spend time with you. The counselor will ask you all about your finances. A good counselor will:

- talk with you

Managing Debt

What It Is

What To Know

What To Do

print

AAA text size

listen

If you owe money you cannot repay, you need a plan. Do not ignore the problem. There are people who can help you.

Where do I start?

- Make a budget
 - Write down what you make and spend in a month
 - Look at where your money goes
 - Look for ways to save money
- Call the companies where you owe money
 - Explain why you have trouble paying the bill
 - Ask for a plan to let you pay less each month
- Get help from a credit counselor

How can I get help?

Look for a credit counselor who will meet you in person. Then ask questions. These questions will help you select a counselor:

- What can you do to help me?
- How much will I have to pay?
- Do you have free education and information?
- Are you licensed to work in my state?

Look for a credit counselor who can do the most for you. You might have to pay some money for help. But a good credit counselor will not ask you to pay in advance.

What do I do about calls from debt collectors?

When you talk to a debt collector:

- Keep a notebook by your phone or with you