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Not Enough Money?

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It can be a shock to realize there isn’t enough money to go around. You wonder how you can make it through such critical times. However, you can control your money by taking a close look at what you have to pay and making informed decisions about what to do.

When your income decreases but the bills keep piling up, there are four main points to remember. Whatever steps you take, don’t turn your back on your financial obligations.

1. **Don’t panic.**
   - Control the situation by planning carefully.
   - Know the exact amount of money you will have.
   - List your expenses.
   - Plan to cut out flexible expenses for adults, such as special recreation, contributions, and clothing.

2. **Communicate.**
   - Look at the big picture.
   - Talk to your family about what to do.
   - Form a family council and list what each person can do to help. Some may take a part-time job, while others may give up extra activities for a while.
   - Include all family members in decisions.
   - Talk to creditors. Call them before bills are due and explain your financial situation. This way, they will be more likely to be in a position to help. Present them with a reasonable plan for paying your debts. Work out an agreement with each creditor that is acceptable to both of you. Put this agreement in writing and follow it. Above all, don’t ignore bills and past-due notices.

Plan to cut out flexible expenses.
3. Don’t default on payments.
Before you take any steps, re-read each credit contract. Find out if there is a grace period, penalty for late payment, or a repossession clause and if the full amount is due immediately. Basically, you should pay creditors first who:

- Are likely to take your wages.
- Charge a high finance charge.
- Will repossess items.
- Will cut off a service such as telephone or utilities.
- You owe a large amount.

As you work out a plan for paying creditors, remember that current bills will also have to be paid. Therefore, you will want to keep new charges to an absolute minimum. Even though it may be tempting, stay away from rent-to-own businesses.

4. Be prepared for change.
Look for ways that you and your family members can use your time, energy, talents, and knowledge to reduce other expenses.

- Take better care of the things you already have.
- Recycle clothing.
- Swap items and services with a friend or neighbor.
- Grow a garden.
- Use community services that are available to you such as food stamps, WIC vouchers, utility assistance, and health clinics. Child care is sometimes available if you want to go back to school or work.

While these suggestions are not expected to help you continue your normal level of living, they can help you handle tough financial situations better.