

Dealing with Creditors – Tips for Success

COMMUNICATE

- Let creditors know your circumstances; it really can make a difference.
- Open your mail. Creditors might be telling you something new and important about the status of your account.
- Respond promptly to a summons or notice of intent to garnish. You might still be able to negotiate a payment arrangement with the creditor.

BE ORGANIZED

- Save records of your creditor contacts: letters, notices, cancelled checks, copies of money orders and receipts. Find a drawer or a box and create one storage spot for all.
- Keep a phone log on the date and time of calls, name of caller and what was said.

PAYMENT PLAN TIPS

- Ask creditors if they are willing to waive or reduce interest or fees.
- Ask that special arrangements are put in writing and sent to you.
- Be sure your account number is provided on each payment sent.
- If you promise a payment, send the agreed-upon amount on the due date, or contact your creditor if you are unable to make your agreed-upon payment.
- Make payments five to ten days before due to allow for mailing and processing time.
- Understand the pros and cons of accepting an offer to settle a debt for less than the balance owed. Depending on the amount, the unpaid portion might or might not be taxable by the IRS, so speak with a tax advisor regarding your tax filing status.

RESOURCES

- Federal Trade Commission: Go to ftc.gov or call 877.382.4357; they cover a variety of consumer protection topics including “Debt Collection FAQs.”
- Legal Services Corporation Law Help: Go to lawhelp.org, or call 202.295.1500 for referrals to local legal aid and public interest law offices, legal rights and more.
- National Association of Attorneys General: Go to naag.org, or call 202.326.6000 to locate your state’s Attorney General’s Office where you can file a complaint or learn more.