



NEGOTIATING WITH CREDITORS

Now matter how bad your situation may be, you cannot afford to ignore your bills and creditors. Take charge. Let your creditors know you are having trouble before you miss payments and the situation gets worse. Not all creditors will accept payment plans, but they will be more likely to work with you if you have been a good customer and if you contact them before they contact you. If they do agree to work with you, make sure you will be able to stick to the plan you agreed on. If you fail to follow the new plan, your creditor will be less likely to work with you again. Do NOT send a creditor money before you have new payment arrangements in writing.

Options You Could Request From Your Creditors:

- Reduce your monthly payment amount
- Reduce or drop charges for late payments
- Refinance the loan at a lower interest rate
- Pay interest only on the loan until you can resume making monthly payments
- Request permission to sell the item and use the cash to repay, or partially repay, the debt

Dealing with Government Debt:

Income Taxes: If you cannot pay the total amount due, contact the WI Department of Revenue and the IRS right away. Ask for information on repayment plans and find out whether your reduced income makes you eligible for tax credits. Contact the WI DOR at www.revenue.wi.gov. Contact the IRS at www.irs.gov and ask to be transferred to “advanced account”.

Property Taxes: Contact your county treasurer and explain your situation right away if you’re not able to pay property taxes.

Child Support Orders: If your income has dropped sharply, contact your family court to find out about lowering your support order as soon as possible. This cannot be done retroactively, so don’t wait.

Student Loans: If you are having trouble making your federal student loan payments, contact your loan servicer immediately. You may be able to have payments deferred-or postponed-during periods of unemployment or financial hardship. But you cannot qualify for a deferment once you have missed a student loan payment.



NEGOTIATING WITH CREDITORS

Use this sample letter as a guide when writing to or talking with creditors. Replace the blanks with your own information.

(Creditor/Company name)

(Company Address)

(City, State, Zip)

Attention: Account Representative

Date: _____

Name(s) on account: _____

Account number: _____

Date loan/account opened: _____

Total amount due: _____

Monthly payment amount: _____

This letter is to let you know that I'm currently having some financial difficulties. I'm not able to pay the complete monthly payment on my account because

(List your personal reason here – job loss, illness, etc.)

Looking at my financial situation, I have set up a budget for my basic living expenses and have come up with a debt repayment plan based on my reduced income. I'm contacting all of my creditors to explain my situation and to ask for a reduced payment until my situation improves.

I would like to offer a reduced payment of \$_____ per month. This is the most that I can pay regularly at this time. You can expect this amount as soon as possible until the debt is totally repaid.

I hope you find this repayment amount acceptable. I look forward to your letter of acknowledgement. Thank you.

Sincerely,

(Sign your name)

(Your address)