Why Keep Track. When facing financial problems, keep track of your income, expenses, and debt on a monthly basis. This has a lot of value. It gives you a realistic view of where you stand and how much you can allocate to debt payments. When you know that, you can decide which debt payments you can afford to make and which you cannot. Then refer to Chapter 1[1] to see which debts to pay first.

This book explains how to spread out debt payments for specific debts. But it does no good to lower your monthly payment on a debt if you cannot afford to make even that lower monthly payment. The creditor is likely to give up working with you if you cannot keep up your end of a deal that lowers your payments. Keeping track of your income, expenses, and debt obligations gives you a realistic idea of how much you can promise a creditor that you will pay each month.

Sometimes, in working with a creditor to set up a plan to lower your payments, you will need to show the creditor your income, other debts, and other information. You can have this already in hand if you keep track of your financial condition in an organized fashion. A list of your debts and income is also needed if you file for bankruptcy. Reviewing your expenses each month can also help you identify areas where you can reduce costs. Chapter 8[2] discusses ways to do this.

How to Keep Track. Keep a list of your actual income, expenses, and debt payments for the past month, and do the same for at least a number of months. There is no one required way to do this.

This chapter includes a filled-in form as a sample list. This form can also be seen at www.nclc.org/survivingdebt[3], which includes a version of the form in MS Word format that you can adapt in any way you wish and then print out. The form is only a sample; keep track in whatever way works best for you and makes sense for you.

Keep the lists for each month in a safe place. Using a notebook for this purpose is another way to do this. You can keep track on a computer or your smart phone if that is something you are used to doing. After you have made a monthly list for several months, start comparing months and see what is typical and how you are doing.

Corporations increasingly push to send you credit card, bank, and loan statements electronically instead of on paper. Some people prefer electronic statements. Companies may also try to slip you into electronic-only statements without your realizing it. If you receive electronic-only statements, you should have the ability to read them electronically and in fact do read them regularly. Otherwise, request paper statements.

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library

Source URL: https://library.nclc.org/sd/1002-1

Links
[1] https://library.nclc.org/nclc/link/SD.01