



Oklahoma Cooperative Extension Service  
Oklahoma State University

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# Pathways to Success

A Basic Living Skills Curriculum

## Paying the Bills

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## Leader Materials

### **Paying the Bills**

**Objective:** To assist learner in prioritizing payments, discovering payment options and learning skills to keep from getting in trouble with creditors

**Materials Needed:** Learner's guide, pencils, dice, 2 pennies, blank paper

**Introduction:** Play the Paying the Bills game on page 4 of the leader's guide. Roll the dice to determine moves. Use pennies as playing pieces.

## To Say

## To Do

Many times people get in trouble and cannot pay their bills. Today we are going to read about a woman named Julie who needed some help playing the game Paying the Bills.

Read and discuss page 1-3 of the learner's guide.



### Paying the Bills

Today you will learn: how to pay the bills.

#### Paying the Bills

A few months ago Julie made a budget to help control her spending. She found out her expenses were more than her income. Turn the page to see what Julie did!



To help control her spending, Julie . . .

- Cut up and threw away her credit cards.
- Sold unused items for cash.
- Ate out only once a week.
- Traded down to a less expensive car.
- Returned the DVD player she just bought.
- Reduced her cell phone plan.

But as hard as Julie tried, she still  
could not increase her income to meet  
her expenses. What can Julie do?

What are some other things Julie might  
have tried?

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Julie has some choices as she plays the game, Paying the Bills. With each role of the dice, Julie will have good and bad thing happen as a result of her move.



## To Say

## To Do

One thing you can do is just stop making payments.

Read and discuss page 4 of the learner's guide. Have learner answer question by evaluating information.



Julie can stop making payments.

**Could be a good move because . . .**

**A bad move because . . .**

Julie will be able to balance her budget.

Julie may lose items she still owes money on.

Julie will have more money to buy the things she wants.

Julie may have utilities shut off and have to pay extra to have them turned back on.

Julie may have some time before creditors will act against her.

Julie will have a late payment on her credit report.

Julie will owe even more money in late charges.

Julie may have to pay all debts at once.

Julie may lose part of her take home pay. Creditors may go to her employer and ask for money out of her paycheck. This is called garnishing (gar'nish ing).

Julie may have to move.

Julie will still owe the money.

Do you think Julie should stop making payments? \_\_\_\_\_ Why?

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## To Say

## To Do

You can also consolidate your loans.

Read and discuss page 5 of the learner's guide.



Julie can get one big loan to cover all her other loans. This is called loan consolidation (con sol'i da'tion).

A good move because . . .

Julie will make just one payment.

The loan company will pay all of Julie's bills for her.

The one payment may be less than all the old payments added together.

A bad move because . . .

Since payments are lower, Julie will have to pay longer.

Julie may be in debt longer to make the monthly payments lower.

The new loan will cause Julie to be paying more in interest.

Julie may be fooled into buying more on credit since she only has one payment.

## To Say

## To Do

You can choose to work with your creditors.

Read and discuss pages 6-9 of the learner's guide. Have learner answer question on page 6. Role play making a telephone call to set up an appointment with a creditor. Role play an appointment asking a creditor to help adjust debt payments. Discuss sample letter on page 9.



Julie can talk with the people she owes money to about changing the payments.

A good move because . . .

Julie's payments will be lower if the loan is changed to a longer time.

Julie will be able to keep items she bought on credit. Most creditors do not want the items back. They would rather have the money. Smaller payments are better than no payments.

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A ~~bad~~ move because . . .

Julie will pay more interest if the loan is changed to a longer time.

Julie may find it hard to admit she has made a mistake and needs some help.

Julie must make the new payments. Creditors may not give her a break the second time around.

Will talking to the people she owes money to be a good move for Julie? \_\_\_\_\_ Why?

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### Talking to Creditors

Julie should call and ask to speak to the person in charge of bill payment problems. Julie should briefly explain her problem and ask to talk to the person. Then she should find out if she needs to bring anything with her.

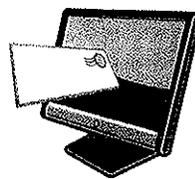


Before going to the creditor, Julie should list her income and expenses. Julie will need to decide how much she can pay and when.

1. Julie should be honest and explain her problem.
2. She should show the amount of her income and a new plan for paying the bills.
3. Julie should ask to have the payments reduced or for the creditor to let her pay only the interest.
4. Julie should tell the creditor that she wants to work with him or her to get the bill paid.
5. Julie should write down the details of the new payment plan.
6. Julie and the creditor should sign the plan.



If Julie's plan is not liked by the creditor, Julie should ask for ideas as to what she should do. Julie may find out that not all creditors will work with her. If payments cannot change, Julie will still have to pay.



If Julie cannot see the creditor in person, she should write a letter, telephone or both. She should say why she cannot pay the full bill. Julie should tell how much she is sending as part of the payment.

Julie's letter should be typed or written neatly. She should keep a copy of the letter in a safe place to prove her effort to pay.

If Julie calls on the telephone, she should speak in a calm voice. She should ask the name of the person she is talking to. She should write down the date, with whom she talked and any new payment plan made.

Sample Letter

November 23, 20 \_\_\_\_

Furniture Rental  
324 S. Bliss  
Chanute, OK 73333

Dear Sir or Ms.:

I have been off work for 2 weeks. My leg is broken. I can go back to work next week. The furniture payment is important to me. I can pay \$10 a week until I catch up on the payments. I hope this is okay. It is all I can manage right now.

Sincerely,

Julie Jones

## To Say

## To Do

<p>Credit counseling is another way of dealing with the problem of paying your bills.</p>	<p>Read and discuss page 10 of the learner's guide. Have learner call the toll free number to ask about local credit counseling. Investigate credit counseling services in the area.</p>
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Julie can get credit counseling.

Credit counseling groups help people work out a debt payment plan. Julie may be able to get credit counseling. Some churches, volunteer groups, banks and credit unions offer credit counseling.

### A good move because . . .

- \$ The counselor manages her money, makes a plan and arranges her payments.
- \$ Julie will be under less stress.
- \$ Julie will learn how to pay her bills.
- \$ Julie will not have to file bankruptcy (explained later).

### A bad move because . . .

- \$ Julie will lose her credit counseling help if she does not follow the new plan.
- \$ Julie may not get the right kind of help.
- \$ Before using credit counseling,
  - \$ Julie should know who is doing the counseling:
  - \$ What will be the costs; and
  - \$ How the program works.

To find out about credit counseling in your area, call 1-800-695-2227.

## To Say

## To Do

Today many people choose bankruptcy to save them from their money problems.	Read and discuss page 11 of the learner's guide.
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Julie can file bankruptcy.

### A good move because . . .

Julie will have to list all the people she owes money to, how much she owes and all the property she owns.

Julie's debts will be forgiven if her creditors agree.

Julie must have financial counseling to assess her situation.

Julie must attend money management education.

### A bad move because . . .

Julie has to pay her lawyer before she can file bankruptcy and it can cost a lot.

Julie may lose some things if they are sold to pay what she owes.

Julie's credit rating will have a bad mark for a long time.

Will filing bankruptcy be a good move for Julie? \_\_\_\_\_ Why?

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## To Say

## To Do

A wage earner plan is an alternative to bankruptcy.

Read and discuss page 12 of the learner's guide.



Julie can start a wage earner plan.

Information on wage earner plans is available from a lawyer or a credit counseling service.

### A good move because . . .

Julie will not have to file bankruptcy.

Julie will get to keep her things while paying off her debts.

Creditors will not hassle Julie.

Julie will not have to pay any extra interest or late charges.

### A bad move because . . .

Julie will lose some of her take home pay. Her employer will give a fixed amount to the courts to pay Julie's debts for her.

If you were Julie, which choice would you make?

- ..... 1. Stop making payments.
- ..... 2. Get one big loan to cover all your other loans.
- ..... 3. Talk with people you owe money to about changing the payments.
- ..... 4. Get credit counseling.
- ..... 5. File bankruptcy.
- ..... 6. Join a wage earner plan.

Is there more than one choice? .....

## To Say

Having problems paying your bills is not fun and games. It is best not to have to play the game at all. There are ways you can keep from getting in trouble with creditors.

## To Do

Read and discuss page 13 of the learner's guide. Look at the learner's bills and give suggestions for prioritizing payments. Discuss learner's questions and concerns.

### To Keep from Getting in Trouble with Creditors

- 1.** Decide which bills to pay partially or delay.  
Rank bills according to what you think will happen if you cannot make a payment.
- 2.** Pay bills for basic needs first such as rent and electricity.  
Contact creditors you cannot pay such as the credit card company.  
Never miss a payment without explaining to the creditor.
- 3.** Ask if due dates can change to go along with your pay check.  
Pay your debts before buying anything else.
- 4.** Pay loans with the smallest balance first.  
Pay off loans with the highest interest rates first.
- 5.** Start a regular savings account to help pay unexpected expenses.
- 6.** Stick to your plan for paying bills.  
Do not use any more credit until you get back on your feet.  
Decide never again to get so deeply in debt.

**Extra Activities:**

- Make a summary of the learner's income and expenses.
- Help learner develop a debt payment plan.
- Help learner write a letter to a creditor explaining a repayment plan.
- Role play a telephone call to a creditor.

**Lesson References:**

[www.nfcc.com](http://www.nfcc.com)

Garman, T. & Forgue, R. (2007). Personal Finance, 9<sup>th</sup> Edition, Boston, MA: Houghton-Mifflin.