Managing Creditors During Times of Uncertainty

**Step 1: Notify Your Creditors Before You Get Behind**

If you cannot make scheduled payments to your creditors, notify them before you get behind. Creditors are easier to work with if they know ahead of time that there’s a problem. Also, it shows “good faith”—that you are concerned about your debts and intend to pay.

Create a roster of all your bills and scheduled payments. Determine what bills you are going to be able to pay. Then, notify your creditors before you get behind. This is important. Creditors usually are easier to work with when you let them know about your situation before a severe problem arises.

When contacting creditors, tell them you want to work out a satisfactory arrangement for delaying, reducing or refinancing payments until you return to work.

Contact creditors in writing so there is a physical record of contact to place in your file. The provided Letter to Creditors (below) can be placed in your account file—a phone call may not be noted. Always include your account number, your phone number and your address. Keep copies of your letters to creditors.

**Step 2: Contact the Court About Child Support or Alimony Payments**

If you are making child support or alimony payments under a decree of divorce but are unable to meet the payments due to unemployment, contact the clerk of the divorce court and explain your situation. Stay in touch with your ex-spouse to avoid unnecessary legal action. Failing to notify the court of your inability to pay can result in legal problems.

Follow up with a written letter of explanation. Do your best to provide what support you can—and keep records. Missed child support payments must be made up. Talk to your ex-spouse or court officer about a repayment plan.

**Step 3: Pay What You Can**

Even if you cannot pay creditors the amount they want, make your best effort to pay something regularly. This holds arrears as low as possible and lets the creditor know that you are doing all you can. Partial payment may keep your account from being turned over to a collection agency.

**Step 4: Stay in Touch With Creditors**

After the initial contact, it’s important that you keep in regular contact with creditors—every two weeks or so. This reassures the creditor, shows a responsible attitude toward your obligation and may keep the creditor from “hounding” you. (Source: AFL-CIO When the Paycheck Stops)
SAMPLE LETTER TO CREDITORS

Date ____________

Dear ____________________:

I am currently (operating on reduced/no income) from my position as a Compass Flight Attendant. I am asking for your cooperation during this difficult period. Until I return to full work, I need to cut back on all my regular payments. I am proposing to pay $_____ to you for a temporary period, instead of the regular payment of $_____. This is the fairest thing I can do under the circumstances. When I return to work, I will work with you on a plan to catch up on my payments.

Thank you for your understanding.

SIGNATURE:

ACCOUNT NUMBER:

ADDRESS:

PHONE: