

Prioritizing Debt: Which Bills Do I Pay First?

What can I do about my debt?

Nearly all of us at some time have faced a problem with bills we cannot afford to pay: credit card debt, a doctor's bill, or an unpaid student loan. You may have enough income to pay some bills, but not all. You may not know which bills to pay first.

The advice we give here is general advice only. If you have serious debt issues, check with other resources, including a lawyer. We have information about helpful resources below.

❖ **Do not pay anyone to consolidate or settle your debts!** Free credit counseling assistance is available if you need it. [Consumer Credit Counseling](#) for more information.

Which bills should I pay first?

1. Food and Housing

These are most important. You do not want to become homeless or not have enough to eat and stay healthy.

Renters - If you do not pay rent on time, the landlord can evict you even if you have a good reason for not paying. **Examples:** you get sick, or lose your job.

Homeowners - If you are behind on mortgage payments, you could end up in foreclosure. If you cannot afford your mortgage payments, find a housing counselor at 1-877-894-4663. If you have a low income, contact the Northwest Justice Project's Foreclosure Prevention Unit (FPU) at 1-800-606-4819. **For help paying rent**, call 2-1-1 for names of social service agencies that might be able to help.

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- ❖ **If you cannot afford to buy enough food**, get in touch with the local DSHS office. Find out if you can get food stamps. Call 2-1-1 to find out where food banks are in your area.
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2. Utilities

You must pay your electric, gas, water and phone bills to keep these services. **Do not wait for a shut-off notice!** Many utility companies have payment plans where you pay the same amount each month so you can budget your money.

You may also qualify for the Washington Low Income Home Energy Assistance Program (LIHEAP) benefits for help with home heating costs. Visit www.commerce.wa.gov/growing-the-economy/energy/low-income-home-energy-assistance/ to learn more.

3. Car loans and car insurance

If you need your car to get to and from work, you must make your car payments **on time**. One missed payment can result in repossession of your car.

Car insurance is also important. Washington law requires all drivers and owners to have insurance. If you do not have insurance and are in an accident, your driver's license may be suspended. **Do not let your car insurance lapse!**

4. Child Support

If you owe child support and cannot afford to pay, try to make a partial payment each month. Then, contact the Division of Child Support (DCS) or a lawyer. See if you can modify (change) the current support order. Failure to pay anything may result in the suspension of your driver's license.

If DCS is garnishing support from your wages, contact a lawyer. Find out if you can get the amount being garnished lowered or your current support order modified. If DCS agrees to lower your monthly payment amount, they may require you to sign a document waiving (giving up your rights under) the Statute of Limitations for how long DCS is able to collect from you. Talk with a lawyer before signing this waiver. Read [Change Your Child Support Order, Asking DCS to Review Your Child Support Order for Modification](#), and/or [Child Support and License Suspension](#).

5. Federal Student Loan Debt

Contact a lawyer or go to www.studentloanborrowerassistance.org to find out options. You might be able to defer (put off) making payments. There are also income-based repayment plans based on your current income and household size. Your payments could be as low as **zero**.

If you are in default on your federal student loans and are not in deferment, forbearance, or a payment plan, the Department of Education might garnish your wages or Social Security benefits, or take your federal income tax refund.

If you have private student loan debt, repayment options are different than for federal student loans. Contact a lawyer or go to www.studentloanborrowerassistance.org to learn more.

If you have a disability, you may be eligible for a total, permanent disability discharge. Read [Discharging Student Loans Due to Disability](#).

6. IRS debts

Contact a lawyer. Depending on your income, the Internal Revenue Service (IRS) might put your debts “on hold.” You can discharge in bankruptcy some debts owed the IRS.

❖ If you have a low income, you may be able to get free help from a taxpayer clinic. Call them at 1-(866) 866-0158.

7. Hospital and Medical bills

If you have hospital bills because you went to the emergency room or had to be admitted to the hospital, you may be eligible for **Charity Care**. This program helps pay all or part of a hospital bill if the hospital determines you have a low income.

You can apply for Charity Care through the hospital. Read [Can I Get Charity Care to Pay for My Hospital Bill?](#)

If you have medical or dental bills or hospital bills not covered by Charity Care:

- Figure out if your insurance should pay for these bills. If you do not have insurance and you have a low income, you may be eligible for Apple Health benefits.
- Negotiate with a medical provider. Ask them to reduce (lower) or eliminate the bill.
- Ask for financial assistance similar to Charity Care based on your income.
- Ask that you pay the same amount as insured patients pay, which is often much lower than non-insured patients.
- As a last resort, you may be able to discharge (get rid of) these bills in a Chapter 7 bankruptcy.

Read [Getting Help with Medical Debt](#) to learn more.

8. Credit Cards

If you have credit card bills you can't afford to pay, you should pay them **only** if you have money left over after paying other bills. All a credit card company or collection agency can do if you do not pay a bill is file a lawsuit against you. **You cannot be arrested. You cannot go to jail.**

If you have a lot of credit card debt and/or medical debt, you can discharge (get rid of) it all through a Chapter 7 bankruptcy. You can only file for Chapter 7 bankruptcy once every eight years. Read [Should I File for Chapter 7 Bankruptcy?](#)

Debt collectors are calling and constantly harassing me. What should I do?

Do not talk to them. They will try to scare you into paying them money you cannot afford to pay. It is okay to screen your calls or just hang up.

Do not use money you need for rent, food, or other essentials to pay a collection agency.

Never give a collection agency your personal information.

Never give a collection agency or other creditor your bank account information or authorization to withdraw money from your bank account.

If the collection agency is contacting you more than three times a week, or in the middle of the night, or is threatening you, contact a lawyer as soon as you can. Read [Debtors' Rights Dealing with Collection Agencies](#) to learn more.

Someone came to my door and handed me court papers. What should I do?

Do not ignore court papers, even if you think they are for someone else or you do not owe the person suing you.

You have twenty days from the date the court papers were handed to you to file a written response. There may be a different date on the court documents (the filing date), but you have twenty days from the date the papers were handed to you or a member of your household to respond.

Contact a lawyer as soon as possible. You can also use our [How do I Answer a Lawsuit for Debt Collection packet](#).

What if I cannot afford to pay my debts?

The law protects certain types of income and property from garnishment by creditors. They cannot take these funds from you to pay off a debt, even one a court says you owe. These funds are "exempt." There are a few exceptions to these exemptions for child support, federal student loans, and some other debts to the federal government. Read [Money That Cannot be Taken from You \("Garnished"\) to Pay Off a Debt](#).

Get Legal Help

Outside King County, call the CLEAR Hotline at 1-888-201-1014 weekdays between 9:15 am - 12:15 pm.

In King County, call 2-1-1 weekdays between 8:00 am - 6:00 pm. They will refer you to a legal aid provider.



Washington
LawHelp
www.WashingtonLawHelp.org

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Seniors (age 60 and over) can also call CLEAR*Sr at 1-888-387-7111, statewide.

You can also apply online with CLEAR*Online: nwjustice.org/get-legal-help.

This publication provides general information concerning your rights and responsibilities. It is not intended as a substitute for specific legal advice.

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