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BORROWING MONEY

CHECKLIST: DEBTS TO PAY FIRST

If you are having financial problems, you can't pay everything that is due. You have to make choices about which creditors to pay. Some debts are more important to pay than others. Don't let debt collectors pressure you into paying them first.

- Generally speaking, you should buy food and pay for medical expenses and other necessities first.
- Your mortgage or rent payments, condominium association fees, and mobile home lot payments are a high priority payment. If you don't pay these obligations, you will lose your home.
- You also have to pay for your basic utilities so that you have heat, electricity and water. Those expenses are essential and have a high priority. Cable television and a telephone are not as important.
- If you need your car or truck, the lease or loan payments are probably next in line for payment. If you can't afford your vehicle long term, you should sell it and buy something less expensive.
- Child support payments are a high priority, because you may face jail time for nonpayment.
- The Internal Revenue Service can garnish your wages, or seize your bank account, house, or other property if you have unpaid taxes. If garnishment or seizure is close, setting up a payment plan for unpaid taxes becomes a higher priority.
- Paying student loan obligations is not essential if the lender is not after you for payments. However, your tax refunds can be intercepted for payment, and up to 10 percent of your wages can be garnished. Paying a student loan obligation may become more essential under those circumstances.
- Unsecured loans, like credit cards, department store charges, gasoline charges, loans from friends or relatives, legal and accounting bills, and magazine and newspaper subscriptions are not essential and should be your lowest priority for payment.