

Top Five Reasons for Family Financial Distress

Many times people find themselves in financially distressful situations but are not exactly sure how they got there. Often times it is a combination of factors that leads to this type of situation. If you are able to recognize this early on, you may be able to avoid the consequences that come with these dangerous situations. Below is a list of the top situations to look out for:

1. **No change in spending despite loss of or decrease in income** - Everyday people are being laid off or facing salary reductions/loss of hours just to keep their job. You must be able to make tough choices when this happens. Making difficult changes to spending now can save your family in the future. Turning to debt to maintain your lifestyle is not a long term solution and will put you and your family at risk.
2. **Living without a budget** - By not monitoring income and expenses, you are setting you and your family up for financial ruin. To compound the problem, people end up using credit cards for everyday purchases and then cannot pay the balance in full at the end of the month. By setting up a realistic budget, making sacrifices where needed, you can know exactly where you stand and make changes where needed without turning to credit cards for help.
3. **Changes in family structure** - When major changes occur in the family, such as death or divorce, finances are often an afterthought. The impact these situations have, however, cannot be underestimated. A restructuring of the household budget must coincide with these changes in order to maintain financial stability in troubled times. Having or increasing debt loads during this time is common and should be avoided if possible.
4. **Medical bills** - Either a one-time emergency or a long-term battle with an illness can result in massive expenses, which can often mean massive debt. Don't ignore the problem, thinking it will go away. Sometimes doctors and hospitals are willing to work out repayment options that are affordable, but communication is the key. Let them know your circumstances and what is affordable for you.
5. **Making only minimum payments** - Unfortunately, credit card debt is an unpleasant fact for many Americans. What is worse is the notion that making the minimum payment is adequate. Maintaining a standard of living by not paying down your credit cards is not a sustainable situation. Having a plan to pay more than the minimum is a must. If the problem is too great, you can look to hire professional help to get things on track.

Recognizing these situations and making tough decisions can save you from the financial distress that often leads to bankruptcy. Of course, the best thing to do is to avoid excessive debt to the best of your ability. Credit can be used in short term, low risk situations but should never be used for longer term borrowing as a solution for major changes in your situation.

If you are already in a situation of financial distress, there is hope. A full service [debt relief law firm](#) such as Harold Shepley & Associates can discuss your debt relief options with you and show you a way out. Contact them today for more information on becoming debt free.

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