

Improving cash flow

There are several strategies you can use to improve your cash flow.

You can make sure you have the income and benefits at the right time by avoiding large periodic payments. Instead, make smaller payments throughout the month or year.

You can also try to change the timing of when you pay your expenses. For example, you may be able to change the due dates of some of your bills or loan payments, so that they better match the times of the month when you receive income.

What to do

- **Read through the strategies** for improving your cash flow.
- **Write down any questions you have or next steps you can take.**
- **Commit to implementing one or two strategies** for the coming month and see if your cash flow improves.

A step further

Use the "Adjusting your cash flow" tool to see where you can change the timing or amount of some of your expenses using the strategies learned here.



Strategies for Improving cash flow

1. Read the different strategies for improving your cash flow.
2. Check the box of one that you can commit to trying now. Write down any questions you may have about how you can accomplish this.
3. After you've completed that strategy, try another to keep improving your cash flow.

STRATEGY	THINGS TO CONSIDER	QUESTIONS I HAVE
I'll negotiate a new due date for my bills with the company so they're due after I receive income.	First contact companies where you have a good payment history and long-standing relationship. They are more likely to be open to adjustments.	
I'll negotiate splitting a large monthly payment into two smaller ones due at different times.	For example, if you can cover your \$700 rent with a \$350 payment on the first and fifteenth of the month, it might free up more money at the beginning of the month to cover other bills.	
I'll change large lump-sum payments into smaller monthly payments on things like car insurance.	There may be a small fee to pay monthly, but it can still make handling these payment more manageable by breaking them into smaller chunks.	

STRATEGY**THINGS TO CONSIDER****QUESTIONS I HAVE**

I'll check to see if I qualify for an energy assistance program in my area.

There are local and national programs that can help low-income families pay for part of their energy costs. Get information on how and where to apply for energy assistance at liheapch.acf.hhs.gov/help.

I'll explore level payment plans for utility bills.

This averages your annual use over a 12-month period, so that you pay the same each month and avoid seasonal spikes in cost. This is especially helpful for budgeting in extreme climates where you have high bills in the summer and winter months. Check with your utility providers to see if you qualify.

I'll automatically deposit a monthly amount into a savings account or savings wallet feature of a prepaid card, so when a large lump-sum payment is due the money is already saved.

This helps reduce stress when large, periodic payments (like car insurance or school tuition) are due. To do this, you'll need regular income, an account at a bank or credit union, or a prepaid card. See "Evaluating your prepaid or payroll card" in Module 8 if you're considering a prepaid card.

I'll look to make sure that I'm withholding enough tax from my paycheck.

Generally, selecting more allowances (also called exemptions) means fewer taxes are withheld from your paycheck. But if you have more allowances, you could end up owing more when you file your taxes. Learn more at irs.gov/individuals/irs-withholding-calculator.

STRATEGY**THINGS TO CONSIDER****QUESTIONS I HAVE****I'll explore options to consolidate my debt.**

You can usually consolidate debt with a bank or credit union if you have good credit. This can improve your cash flow because the monthly payment may be smaller and you'll have fewer debt payments to make each month. But the tradeoff is it could take you longer to pay off the debts or cost more over the length of the loan.

If you consolidate your debts into your mortgage, falling behind on those payments could put your home at risk. Be sure you understand the terms of the consolidation and aren't paying more interest with the new loan.

Consider talking through your options with a certified credit counselor. You can find one in your area by visiting consumerfinance.gov/askcfpb/1451.

I'll refinance my home for a lower interest rate or talk with my lender about a loan modification.

Refinancing doesn't always save money after factoring in fees, so do the math to ensure the new rate saves you money. Learn more about choosing a home loan at consumerfinance.gov/owning-a-home.

I'll consider selling my car and buying a less expensive one.

Reducing your auto loan payments can help free up money for other things, but keep in mind that older cars may require more costly maintenance. So think about whether your cost of ownership, which includes insurance, fuel, and maintenance, will also go down with a less expensive car.

STRATEGY**THINGS TO CONSIDER****QUESTIONS I HAVE**

I'll explore options for refinancing my auto loan to something with a lower interest rate.

Reducing your interest rate can lower your monthly payments. Make sure you understand all the loan terms, so you don't end up paying more in the long run. To help prepare you to shop for and compare auto loans, visit consumerfinance.gov/consumer-tools/auto-loans.

I'll check to see what repayment options I have to reduce my student loan payment.

You may qualify for an income-based repayment plan, which will lower your student loan payment based on your income and family size. Learn more with the "Repaying student loans" tool (in Module 6).

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