

Pro Rata Debt List (Instructions)

“Pro rata” means the fair share, or the percent of your total debt each creditor represents. This will determine how much you should send them when you cannot make the minimum payments. Even if you cannot pay your creditors what they request, you should pay everyone as much as you can. Send the check for their pro rata share, along with a copy of your budget and this form, every month. *Do this even if the creditor says they will not accept it.*

Do you need to use the pro rata plan?

First, use your monthly cash flow plan to determine your total disposable income. Simply write down your income on the line at the top of the form. Then, write down the total you spend on necessities (not including consumer debt) each month. Subtract the necessity expense from the income, and you are left with your disposable income. This is the money you have to put toward your debts.

Second, add up your total amount of debt, not including your home, and write that in the blank provided. Below that, write in the total of the minimum monthly payments on all your debts. If the total of your minimum payments is greater than your total disposable income, you need to use the pro rata plan.

For example, Joe and Suzie have a total debt of \$2,000, with a combined total minimum payment of \$310. However, this family only has \$200 in disposable income each month, which means they do not have enough money to make the minimum payments. So, they will use the pro rata plan to give each creditor their fair share of the family’s \$200.

How to Use This Form

This form has six columns:

1. **Item:** the name and type of the account.
2. **Total Payoff:** the total amount due on the account.
3. **Total Debt:** the combined total of all your debts.
4. **Percent:** the portion of the total debt load that each account represents. You can calculate this by simply dividing the Total Payoff by the Total Debt for each line.
5. **Disposable Income:** the amount of money you have left after paying necessities.
6. **New Payment:** the amount that you will now send to each creditor. You calculate this by multiplying the numbers in each line’s Percent and Disposable Income columns.

The pro rata plan helps you to meet your obligations to the best of your ability. Of course, your creditors will not like receiving less than their required minimum payments. However, if you keep sending them checks, they’ll most likely keep cashing them. We have had clients use this plan, even when sending only \$2, who have survived for years.

Pro Rata Debt List (Form 11)

Income _____
 Necessity Expense - _____
 Disposable Income = _____

Total Debt: _____
 Total Monthly Payments: _____

Item	Total Payoff	/	Total / Debt	=	Percent	X	Disposable x Income	=	New = Payment
_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
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_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
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_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____
_____	_____	/	_____	=	_____	X	_____	=	_____