Six ways to ease your debt burden

Debt is one of the fixtures of modern life for most people but if you feel it’s getting out of your control, it’s time to act. Fortunately, there are straightforward ways to regain control of your money.

Start a debt management plan

This will mean prioritising your debts in order of urgency, setting a budget, cutting expenses, consolidating, and planning ahead.

1. Set a budget

Work out how much you spend each week on your debts and discretionary spending and how much income you have. It’s vital that you are honest. From this you can work out how much you need to service your debts to bring them down to manageable levels.
2. Save on easy things
The most obvious way to reduce debt is to cut down your spending on non-essential items. Simple ways include doing things yourself that you previously paid others to do, such as cleaning your house. Eat out less. Cook at home and eat your leftovers at work. Don’t buy things you don’t need at the supermarket and turn off lights and computers when they are not in use. Walk more or take public transport.

3. Stop using your credit cards
Pay cash. Put your credit cards away. The simple logic is that you won’t be tempted to overspend if you only have cash.

4. Pay the minimum on each debt
Service each debt, be it phone, mortgage or credit card each month. Pay off as much as you can but at least pay the minimum, which will protect your credit score.

5. Consider a consolidation loan
You may be able to reduce your interest charges by consolidating your debts into one low-interest loan.

6. Talk to a professional
Your Adviser will work with you to develop a debt management plan that’s specifically tailored to you. But if you are feeling really overwhelmed, seek help from your doctor.

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