

Manage debt

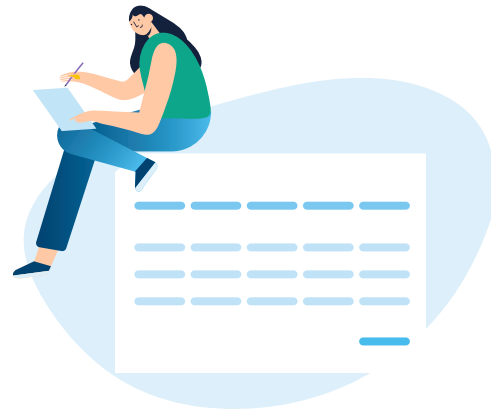
There are two types of debt – good debt (e.g. a mortgage) and bad debt (e.g. credit card debt), both of which need to be managed to ensure you don't have too much of either.



Step 1

Tally up debts Before you can get your debt under control, you need to have a clear picture of what each debt is, and how much you owe in total. This doesn't need to be hard. Simply take out a piece of paper and:

- 1.1 Draw five columns, labelled 'What', 'How much', 'To who', 'Due by', and 'Interest rate'.
- 1.2 Complete the columns, leaving blanks if something doesn't apply or if you don't know the answer.
- 1.3 When you have listed all your debts, add up the amounts in the 'How much' column.



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Step 2

Prioritise debts To tackle prioritisation, you could:

- > Pay off the debt with the highest interest rate first, OR
- > Pay off the smaller debts first to feel a sense of accomplishment.

Step 3

Refinancing and debt consolidation Bringing your loans together or refinancing may help you to pay less fees and interest. However, this can sometimes just be a short-term solution. Focusing on repayment should be your priority.



Where to get help

Community organisations provide free [financial counselling services](#) to help with debt. The earlier you get advice, the better. Call the National Debt Hotline on **1800 007 007** if you are struggling with your debts.