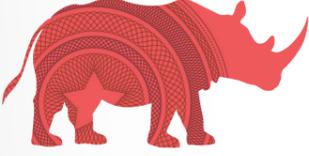


# GETTING OUT OF DEBT




## 1. FACE THE PROBLEM KNOW & RESEARCH YOUR DEBT

The type of debt you have, the cost of debt, what you owe, your repayment each month, when you will have repaid the full amount, which debt has the highest interest rate.



## 2. SHARE YOUR PROBLEM DEVELOP A SUPPORT SYSTEM

This will help keep you focused on your goal of being debt free.



## 3. ADJUST YOUR BUDGET REVISE YOUR SPENDING

Enabling you to repay your debt quicker.

### CALCULATE YOUR DEBT RATIO

1. Work out your total monthly debt repayments
2. Work out your total monthly income
3. Work out the relationship between your total monthly income and your total monthly debt repayments

(Debt/Income)

x 100%

x %



## 4. CREATE STRATEGIES DEAL WITH YOUR DEBT

- Which debts pose the biggest threat?
- How do you deal with your creditors?
- What are your options?
- Will you be blacklisted?
- Is there a sensible level of debt?
- What is the sensible level of debt for you?



## 5. NO NEW DEBT STOP YOURSELF

Stop yourself from buying anything else on credit.

### WHAT IT MEANS PERCENTAGE OF INCOME USED FOR MONTHLY DEBT REPAYMENTS

#### 0 - 30%

This indicates you are mostly responsible about money. Debt is under control and you plan for the future.

#### 30 - 36%

**Heading towards danger**  
36% is the 'magic number' in this ratio – go further than this and there could be in trouble.

#### 37 - 50%

**Danger**  
Potential to be out of control. Reduce debt fast and do not take on new debt.

#### + 50%

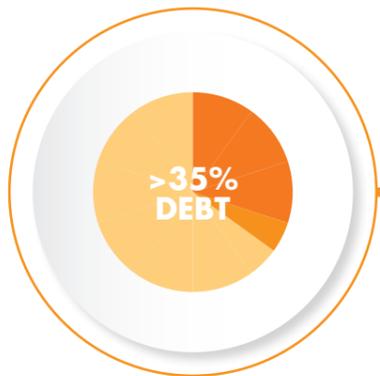
**Requires Immediate Action**  
Debt is out of control and causing serious financial difficulty.

# GETTING OUT OF DEBT



## OPTION 1. DO IT YOURSELF

(personal planning)



This option is good for people whose debt is under 35%.

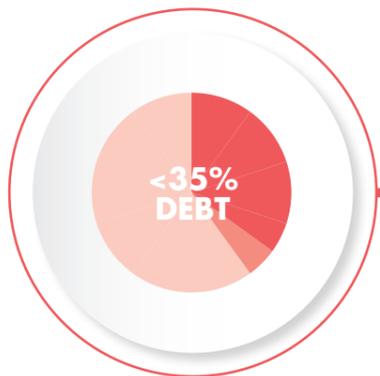


The advantage is that if you are disciplined and can motivate yourself then it is cheap and you keep control of your money.

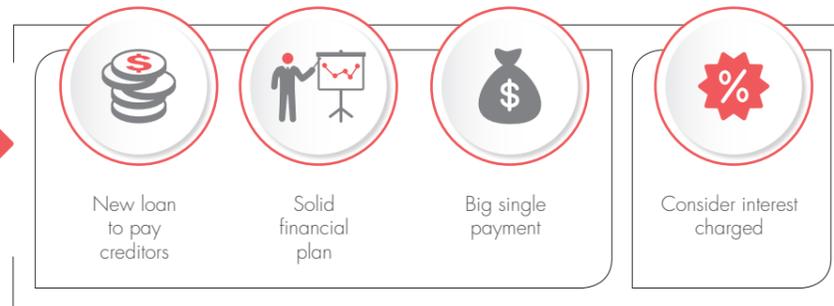


## OPTION 2. GET SOME HELP

(debt consolidation)



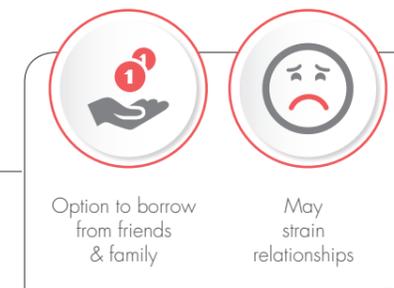
Taking up a new loan and using this money to repay all your creditors if your ratio is over 35%. When deciding, you need to consider the interest charged. Is it, on average, lower than the interest you are paying on your current loans?



Option: Use your home loan as your bigger loan, if you have spare money in it.



Option: Friends and family.



Option: Financial institution.



## OPTION 3. LET SOMEONE ELSE HELP

(debt review)



If debt repayments are taking up more than 40% of your income and you cannot obtain debt consolidation, you might need to consider starting a debt review process under the National Credit Act of 2005.

