



Guide to Debt Management

Step 1: Budget

The first step to debt management is to create a budget and review your income and expenditure. We advise that you review 3 months bank statements and highlight all your fixed expenses, and then calculate how much you are spending on your variable expenses, and discretionary payments.

Step 2 Check your credit record

Know your credit status by contacting the credit bureau. You can get one free credit check p.a. Contact: www.mycredit.co.za, or call (011) 214 6000 or (011) 799 3400

Step 3 Live within your income

If you are spending more than you earn, you need to take action immediately. Forget about: "If only I could earn more" whatever one earns we have to learn to live within a budget

Step 4: Snap Shot of your Debt

Take a Snap shot of your debt. Compile a report of all the debt you have. See the example below

Debt	Credit Grantor	Interest Rate	Amount	Repayment Period Outstanding
Furniture	Morkels	20%	R10 000	24 months
Clothing	Edgars	20%	R2000	12 months
Others				

Step 5: Advice on managing your debt

- ✓ You need to pay all your monthly installments /commitments every month
- ✓ If you are unable to pay an account contact the credit grantor and create a repayment plan.
- ✓ Put this in writing with your creditor
- ✓ Don't create more debt
- ✓ Be honest and upfront when dealing with your creditors

Step 6: Make Changes to your spending habits

- ✓ Save Money on your bank charges~ Switch to the cheapest plan your bank has for you
- ✓ Stop using credit
- ✓ Consider consolidating your debt if you are a home owner and you have equity and affordability
- ✓ Remember the cost of borrowing money. The more interest you pay, the more indebted you become

Step 7: A debt counselor

- ✓ Call a debt counselor near you
- ✓ A debt counselor is able to assist you if you are over- indebted. If the debt counselor finds that you are over-indebted, he/she will make a recommendation to the Magistrate's Court for the consumer to be declared over-indebted. The Court may in turn re-organise the consumer's debt by extending the term of any agreement, postponing payments, recalculating unlawful fees or interest and may order adjustments to improperly charged items.