



Budget



+ wealth + security

# Booster

June 2011

## Is debt ruling your life?

Student debts, credit cards and personal loans can be a source of unnecessary stress and prevent you from enjoying other things in life.

Clearing your debts doesn't have to be hard work. With the right professional advice, it's possible to get your finances on track sooner than you think. Which means you can get back to living the good life, guilt free.

Here are some tips to help you get out of debt.

### Plan your budget

Achieving your goal of being debt free doesn't have to be daunting; a good way to start is with a budget. Try to keep a diary for your expenses and your spending. This will enable you to track where your money is going and how much spare cash you can use to attack your debt.

### Pay extra

Try paying more than the minimum off your debts. Whether it's personal loans or credit cards, paying the minimum will hardly make a dent as you will only be paying off the interest.

### Prioritise

Prioritise all your debts by the interest rate you are paying. Try to get the balance down on high interest debts first, as paying these off first will save you a bit more money. The money you save in interest, you can then use to pay off your lower priority debts. This will get you to your debt free goal that little bit faster.

### Consolidate

Consolidate all your higher interest debts into one lower interest debt. This could be in the form of a low interest rate credit card or a personal loan. This strategy will also reduce your interest repayments.

### Ensure you have the right card

There is no need for anyone to be paying 20 per cent interest on their credit cards. Due to the increased level of competition in the credit card space, many lenders are offering much lower interest rates and deals.

When doing your research, make sure you read the fine print, as cards offering low or zero interest rates on balance transfers, do so for a limited time only whereas other cards might offer a low interest rate for the life of the transfer.

### Become card free

Once you have selected a low interest rate card to transfer your balance, make sure you don't use that card for any new purchases until you have paid off the full amount from the initial transfer. The best way to do that is the old fashioned way – cut your card up and throw it away!

### Take the first step

If you're having difficulties repaying your debt, take the first step and speak to your lender. If you're open and honest about your financial difficulties with your lender, you will probably find they are open to review your repayments and look at other solutions to help you out.

### Speak to a professional

If you feel that you are in over your head and struggling with your finances, speak to a Professional Investment Services financial adviser help with a financial strategy that can get you back on track.

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Your local adviser office is located at:

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