

# Money issues and debt

Debt can occur if you do not pay your bills on time e.g. energy bills, phone bills, rent, mortgage, car repayments etc. Debt can have serious consequences resulting in a bad credit rating, an inability to pay for necessities like food and increasing levels of financial stress.

## A QUICK NOTE ON CREDIT CARDS

Credit cards incur high interest and need to be managed carefully. Although credit cards can seem like the solution to money problems, they can often create bigger issues.

**A \$1000 credit card debt being paid off via the minimum monthly repayment of \$25 will take 13 years to clear the debt, accruing \$1,156 in interest (with an 18.5% interest rate).**

**However if you made a higher payment of \$250 per month, it will take 6 months to clear the debt and only \$40 in interest.**

## STRATEGIES FOR MANAGING DEBT AND FINANCIAL SITUATIONS

### 1. Know your debt and finances

Know what you owe, to whom, how much the repayments are, what the interest rate is, what portion of your repayment is interest and how long it will take to pay off. Make sure you have all of your paperwork/current bills that need to be paid. Knowing all of these things gives you a realistic picture of your money issues.

### 2. Get rid of debt and plan

Create a budget and ask what needs to change to make your finances work. Don't put it off and try and ignore the situation as it could get worse. If you do not have enough to pay the minimum repayments and you can't earn more money, you'll need to spend less. If you are having financial troubles consider negotiating the payment of bills and arranging payment plans for overdue bills. Be ruthless with your financial situation and ask 'can I afford it?' Make sure you are not going further into debt and that your bank account is balancing.

### 3. Get help and support

See the 'getting help' section

## NEGOTIATE THE PAYMENT OF BILLS

- Energy and service providers may be willing to give you more time or to allow you to pay off your debt in instalments (this could include gas, electricity, phone, water bills etc). To do this you will need to call the provider and speak to a customer service operator. If you are contacting your landlord about overdue rental payments, you may need to make this request in writing.
- Don't put off contacting creditors you owe money to and let them know as soon as possible that you are having difficulties meeting your repayments.

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- Record the person you spoke to, the date, the agreement arranged and make sure it is confirmed in writing. If your request is refused, ask to speak with a supervisor.
- Be realistic in making a new arrangement and make sure you can commit to it.
- Consider making a plan to change your habits so that your bills will be lower in the longer term (for example, be conscious of your phone bill during the month or what heater you are using and its effects on your electricity bill)

## GETTING HELP

- Contact the Welfare Officer on your campus if you require assistance with financial support. This could involve budgeting support, helping you to organise your finances, referral to a financial counsellor or offering emergency loans or food cards. [www.uws.edu.au/welfareservice](http://www.uws.edu.au/welfareservice).
- Community organisations such as St Vincent de Paul, Salvation Army, Lifeline and Anglicare can assist with food parcels, food vouchers, cheap clothing and vouchers for phone, electricity and water bills.
- Consider booking an appointment with a financial counsellor through the Financial Counsellors' Association of NSW. FCAN offer a free and confidential service assisting those experiencing financial difficulty as a negotiator, advocate and advisor regarding financial matters. Contact the Credit and Debt Hotline on 1800 808 488 or visit [www.fcan.com.au](http://www.fcan.com.au) for listings of financial counsellors.

## MORE INFORMATION

- 'Money Stuff' - for information on mobile phones and renting [www.moneystuff.net.au/nsw](http://www.moneystuff.net.au/nsw)
- 'Money Smart' - for debt calculators, budgeting tools and a series of fact sheets on debt and credit [www.moneysmart.gov.au](http://www.moneysmart.gov.au)
- Mortgage stress handbook by Legal Aid NSW [www.legalaid.nsw.gov.au/publications/factsheets-and-resources](http://www.legalaid.nsw.gov.au/publications/factsheets-and-resources)
- Get a copy of your credit report - your credit report has information about you and your credit history, see Veda Advantage [www.mycreditfile.com.au](http://www.mycreditfile.com.au)