



# MANAGING DEBT

## *in times of crisis*

*Have you found yourself juggling more financial responsibilities than usual lately? If so, you are not alone. The financial impact of the ongoing pandemic has rocked many South African households over the past two years. Maintaining a handle on money matters has been more difficult than we can remember in recent decades.*

The good news is that it is possible to recover from times of crisis when you are equipped with the right tools. There are both simple and detailed options to defeat the burden of debt.



### Set realistic goals for your gains

Your income and your budget are crucial to beginning to understand where you stand financially. Making a detailed list of all your repayment requirements is a great place to begin.



### Beat compound interest

Unpaid debts can accrue interest at very high rates. Consider how compound interest can result in even higher debt than you had initially intended on repaying. To beat this, make sure that you don't postpone making payments - missing a payment will also leave a black mark on your credit record. Pay off debt as quickly as you can.



### Never stop saving

The global pandemic showed us just how important it is to save for a rainy day. Doing this not only ensures that you can afford to maintain your lifestyle - it also ensures that you can continue to cover important costs and financial responsibilities during tough times.

These steps are pivotal to managing your debts, but you may find yourself unsure about how to structure your repayments in a way that doesn't cripple your finances. **How do you do that?**

- You can make arrangements to pay lower monthly fees if you are struggling to meet your goals. This, however, will come at a cost, as it means you will be paying off the debt – and paying interest on it – for a longer period than planned.
- Keeping an eye on your credit score will ensure that you don't have any creditors who have listed you as a defaulting client. This will help direct you towards structuring your monthly commitments more effectively.
- Should something happen to you, your loved ones may well be left with debts you left undealt with. Prevent this by remaining disciplined with your repayments, and making sure that your debts are insured against your death.

**Speak to a registered financial advisor for comprehensive assistance in debt management.**