## **DEBT REDUCTION STRATEGIES**



Minimum payment



Debt
Understanding
debt

# Reducing expenses also requires eliminating any debt that may be weighing you down.



Debt
Consolidating
debt

The Debt Snowball Strategy and Debt Consolidation strategies offer ways to start tackling these expenses.

## Debt Snowball

This is a debt reduction method where you pay off debt in order of smallest to largest, gaining momentum as you knock out each balance. When the smallest debt is paid in full, you roll the money you were paying on that debt into the next smallest balance.

- 1. List your debts from smallest to largest regardless of interest rate.
- 2. Make minimum payments on all your debts except the smallest.
- 3. Pay as much as possible on your smallest debt.
- 4. Repeat until each debt is paid in full.

Debt

and the second s		
SMALLEST	\$	
SMA	\$	
	\$	-
	\$	-
TS	\$	
ARGEST	\$	
_		



— If you have multiple debts and it feels overwhelming to keep up with the repayments, try this strategy.

## **Debt Consolidation**

This is the process of combining all of your existing debts into one new debt. Debt consolidation uses funds from the new loan to pay off all other outstanding forms of debt in one go. It places all debts into one place, with: 1 x fixed interest rate, 1 x set of fees and charges, 1 x set of repayments, and 1 x clear end date to paying off that debt.

- List all your debts and their interest rates.
- 2. Find a personal loan.
- 3. Calculate the loan.

MY DEBT	AMOUNT OWED	MONTHLY REPAYMENTS	INTEREST RATE	MONTHLY FEES	BREAK COSTS	LOAN TERM		
	\$	\$	%	\$	\$	years		
	\$	\$	%	\$	\$	years		
	\$	\$	%	\$	\$	years		
	\$	\$	%	\$	\$	years		
	\$	\$	%	\$	\$	years		
	\$	\$	%	\$	\$	years		
TOTAL	\$	\$	%	\$	\$	years		
Unsecured personal loan	\$	\$	%	\$	\$	years		



Debt Getting help

# Seeking out financial counselling

If you're struggling with your finances or it's becoming overwhelming there are support networks out there ready to help!

#### Find a free financial counsellor

Financial Counselling Australia financial counselling australia.org.au

## Speak to someone about debt

National Debt Helpline 1800 007 007 ndh.org.au

## Learn more about managing money

Money Smart moneysmart.gov.au

### Free financial legal advice

Mob Strong Debt Help 1800 808 488 (Mon – Fri 9:30 AM – 4:30 PM) financialrights.org.au/mob-strong-debt-help/





