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# BE FREE OF BAD DEBT!

Firstly, try at all costs to avoid debt that can spin out of control. If you are currently free of bad debt keep it that way by being disciplined in the way you plan to spend your money.

- **Make a budget and stick to it**
- **Pause and think before you spend**
- **Avoid temptation**
- **Start saving money**

Secondly, if you are already in debt it's not the end of the world if you start acting now. Ask your financial adviser to help you with a debt repayment plan (see the below "Debt Schedule"). You can organise your debt by listing those debts with the smallest balances to those with the largest balances. Pay off the smallest balances first and then use the money you would have paid towards that debt to repay another creditor. Settling your debts one by one will motivate you to keep at it.

You can also organise your debt by listing the items with the highest to the lowest interest rate. Concentrate on paying the debt with the highest interest rate first as this will save you the most money in interest over a period of time. Once you have repaid the debt with the highest interest rate you can then move on to the one with the second highest interest rate.



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# DEBT SCHEDULE

## METHOD

This exercise should be done monthly to ensure that you keep up to date with your payments.

1. Identify all your creditors (people, shops, institutions, and so forth, that you owe money to).
2. Determine how much you owe to each of them, the minimum amount you should repay every month, the interest rate, as well as the repayment term.
3. By using the first method to tackle your debt (as described previously) organise your debt from the smallest balance to the largest balance.
4. Use this information to complete the below debt schedule.
5. The ACTUAL PAYMENT column should be used if you can pay more than the minimum monthly amount.
6. Concentrate on paying off the first creditor first then move on towards the second creditor.
7. The money you would have used to repay the first creditor should now also be paid to the second creditor.

CREDITOR	OUTSTANDING AMOUNT	INTEREST RATE	REPAYMENT TERM	MINIMUM PAYMENT	ACTUAL PAYMENT
1.					
2.					
3.					
4.					
5.					

Thirdly, sometimes money will come from unexpected places: you might inherit money, get money for your birthday or receive money from some part-time work. Be sure to pay this excess cash towards your debt. You'll not only repay the outstanding debt quicker but you'll also save on the interest you would have paid in the long run.