

# SIMPLE STRATEGIES TO GET OUT OF DEBT

If your finances are out of control, don't despair: these women fixed theirs and so can you, writes **Katrina Creer**

**T**ired of promising to pay off those credit cards – and then slipping further into debt? The start of the year is the perfect time to take control of your finances.

The first step is to work out how much you owe and transfer the debt to a low-interest card. Next, set up an action plan – there are many online budgeting tools to help, such as the Australian Government's [www.money.smart.gov.au](http://www.money.smart.gov.au). If you are really struggling, consider seeing

a financial counsellor. Andrew Heaven, from Wealth Partners Financial Solutions, suggests starting by looking back. "Look at the last 12 months of bank and credit card statements and fess up to yourself as to where the dollars have gone," Heaven says.

And if you need extra motivation to make changes, think about this: debt stress has been linked to relationship breakdowns and health problems such as depression.

## Taking back control

- + Come up with a realistic budget.
- + Pay off the debt with the highest interest rate first.
- + Transfer to low-interest credit cards.
  - + Look for a second job.
  - + Change your spending habits – if you eat out five nights a week, make it just twice a week.
- + Talk to your bank. They may be more willing to negotiate than you think.



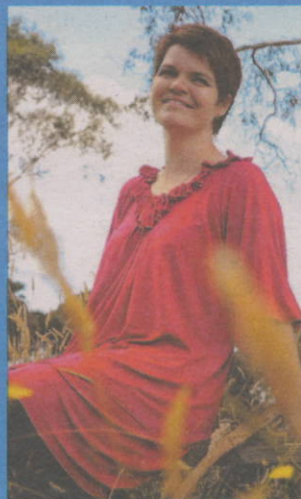
**“**Insolvency forced me to change my spending

Kaye Waterhouse, 27.

"I was constantly living beyond my means but it seemed okay because there was always a pay cheque coming in. Then I moved interstate, didn't have a job and received an offer to increase my credit card limit.

"I needed money for a bond, so I did it. I racked up \$30,000 on credit cards and couldn't meet the repayments, so I had to go insolvent. It's like bankruptcy but they don't write off the debt. I have a black mark on my name and I can't borrow money.

"I went to a financial workshop called 10thousandgirl. It helped me set goals and think about my spending. Before, I'd buy things and sort it out later. Now, I will be debt free by mid-year."



**“**I started a blog to get my finances back on track

Francesca Tulk, 40.

"I've always been a big spender. I had nothing to show for 20 years of work except \$30,000 on credit cards. I hadn't put a car or holiday on them; my place was like a warehouse full of things. I had a wardrobe full of clothes. There were also other loans.

"I looked on the internet to see if anyone else had been as stupid as me and found there were lots of us. I started a blog ([www.tasmanianminimalist.com](http://www.tasmanianminimalist.com)) to keep myself honest while paying it off, but it turned into one about simple living. At first I sold stuff on eBay, but giving it away was more of a kick. Every day I list things I have donated such as clothes or books.

"I love days when I don't spend anything. I'm not a cheapskate but I don't want to waste more money. I've paid \$6500 off my credit cards and saved an emergency fund. My life used to reflect my unhappiness but now I feel completely different and it only took a few small changes."



**“**Seeing a financial counsellor saved me

Bronwyn Rushton, 42.

"I was swamped with bills and behind in rent. I can only work 25 hours a week because I am on a carer's pension as my youngest child has Kabuki syndrome, not unlike Down syndrome. People think I'm raking it in on a pension with four children but I'm not. I owed about \$10,000 and was in despair.

"Someone suggested a financial counsellor and the Wesley Mission had a free service. I was sceptical but it was the best thing I've ever done. They put bills on hold and taught me to shop around for the best deal. I just had to tighten my belt harder.

"It's a year later and I feel like I have a second chance. For the first time the phone bill has come in and I can pay it. I have restructured other payments into fortnightly repayments instead of one big hit. You have to swallow the pride and do it.

"It helped to know I wasn't alone. You can tell your friends and family your problems, but a counsellor comes up with solutions." **B**

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