



There is no magic financial trick to this debt repayment strategy. The good news is many of us have been in your situation, and with a good strategy and hard work, it is possible to be debt free forever. The Verve approach is simple mathematics, reduce your debt by busting the highest interest and you will become debt free in the quickest and most effective way. Completing this worksheet will provide you with a plan, help you stay focussed and reduce stress and overwhelm. Go, go! We're cheering you on. You've got this!

### Three tips!

Once you have reviewed how much interest you are paying on each loan, the idea is to pay off the debts with the highest rates of interest first. Here are three top tips to fast track your debt repayment from here:

1. Shop around to find a lower interest rate than your current loan.

2. Make payments as frequently as you can, even if they are small.

3. Pay back more than the minimum repayments required.

### Step 1: Make a list of your debts in each category

List the debts you have in order of which one has the highest interest rate. Remember this is the % fee you are paying not the total amount that you owe. Then enter the minimum repayment amount.

DEBT TYPE	YOUR DEBTS	TOTAL AMOUNT	INTEREST RATE	MINIMUM REPAYMENT
<b>NOW DEBT</b> e.g. high interest debt that is not linked to an asset - i.e. personal credit card, personal loan, store card.				
<b>SOON DEBT</b> e.g. not tax-deductible, debt is linked to an asset - i.e. car loan, home mortgage (ok we get it, you may not be able to pay your home loan off 'soon' but prioritise it before your LATER debt).				
<b>LATER DEBT</b> e.g. interest on loan is tax deductible or paid pre tax (investment loan, HECS)				



### Step 2: Negotiate - with your bank or credit provider and yourself!

In the video we suggest some tips for how to consolidate debt to potentially save money and how to hunt for cheaper debt. Consolidating or refinancing loans can help you pay less in fees and interest, but it's important that you will be able to make the repayments, and that it doesn't negatively effect your credit rating. Before taking any actions to consolidate or move your debt, consider if this really is the best option for you or if there are other ways you could go. We strongly suggest you do your research and consider accessing free help if you need support in deciding how to best manage your debt and before you undertake any consolidating.

Consolidating and refinancing debts: [www.moneysmart.gov.au/managing-your-money/managing-debts/consolidating-and-refinancing-debts](http://www.moneysmart.gov.au/managing-your-money/managing-debts/consolidating-and-refinancing-debts)

Access free financial counselling through National Debt Helpline: [www.ndh.org.au/](http://www.ndh.org.au/)

Check your credit report: [www.moneysmart.gov.au/borrowing-and-credit/borrowing-basics/credit-reports](http://www.moneysmart.gov.au/borrowing-and-credit/borrowing-basics/credit-reports)

HAVE A THINK ABOUT SOME ACTIONS YOU CAN TAKE TO HELP BUST YOUR DEBT.

#### ASK THE BANK OR CREDIT PROVIDER...

##### How can I negotiate a better deal?

E.g. If you have multiple credit cards have you talked to your bank about your options to consolidate the debt and reduce interest?

\*this is an example only. Only take this action if you have read all the advice on Money Smart and think this is the best action for you.

#### ASK YOURSELF...

##### Where can I find more money?

E.g. taxis, \$30/week, work out bus route -  
52 weeks x \$30 = \$1,560 a year

##### How can I make more money?

E.g. Get a weekend/evening job, sell something on eBay



### Step 3: Watch your debts disappear

Set up your payments to get the most bang for your buck. Pay the absolute minimum repayments on your lower interest debt (probably in your **'soon'** and **'later'** categories) and direct every other cent you have towards paying off your **'now'** debts, starting with the highest interest loans first.

Mathematically highest interest rate to lowest is the fastest way to bust debt - but if getting an early win appeals to you, by all means start with the smallest amount. An early win might be the motivational hook that propels you onto the next debt. Once your first debt is paid off, pour every cent into your next **'Now'** debt. Highest interest rate or smallest and so on until all **Now-Soon-Later** debts are repaid.

PRIORITY	DEBT NAME	DEBT OWED (\$)	ACTION STEP	DATE TO TAKE 1ST ACTION	PLANNED DATE TO BUST DEBT
1	NAB Credit Card	\$6400	Set up an automatic transfer the day you are paid each fortnight, to pay \$125 off the card	1/1/19	Xmas 2019!
2					
3					
4					
5					
6					
7					
8					
9					
10					

For extra motivation, pop your numbers into the MoneySmart Credit Card Calculator and see how much you can save by making slightly higher repayments: [www.moneysmart.gov.au/tools-and-resources/calculators-and-apps/credit-card-calculator](http://www.moneysmart.gov.au/tools-and-resources/calculators-and-apps/credit-card-calculator)

Lots more debt repayment tips here: [www.moneysmart.gov.au/borrowing-and-credit](http://www.moneysmart.gov.au/borrowing-and-credit)



### Step 4: Surround yourself with support

If you're feeling overwhelmed and need help negotiating with the bank, call Financial Counselling Australia on 1800 007 007. They can help you apply for financial hardship and you can move through these steps together. For a free Credit Report call Equifax on 138 332. We also recommend you share your plan with a supportive friend or family member, someone who will cheer you on, provide some accountability and celebrate with you once done!

### Step 5: Celebrate your success

Write down how you're going to reward yourself once your first debt is repaid, think about something which brings you joy, but won't add to your debt.

### 10 Minute challenge

CLOSE YOUR EYES AND VISUALISE THE MOMENT YOUR FIRST DEBT IS REPAYED.

WHERE ARE YOU?

HOW DO YOU FEEL?

VISUALISE YOURSELF BEING REWARDED.

REPEAT THIS OFTEN TO STAY FOCUSED AND MOTIVATED.

Go girl! Well done. It's brave to dive down into the reality and face your debts.  
We know you'll be debt free before you know it!