

Rework your Debts

Before you can rework your debts in terms of determining which debts you will pay off first and faster according to your budget, you need to prioritise your debts. You need to classify your debts as either 'primary' or 'secondary' debts.

Using the table provided, you will list all of your debt obligations, indicating the total amount outstanding, how much you are in arrears, and any action a credit provider has taken (for example collection calls, a letter of demand or a summons).

PRIMARY DEBTS			
Priority Creditors	Amount of Debt	Amount in Arrears	Action taken by Creditor

SECONDARY DEBTS			
Priority Creditors	Amount of Debt	Amount in Arrears	Action taken by Creditor

Allocate extra funds to your debts and goals

Now that you have prioritised your debts, you can see which debts you need to pay off first, and can allocate extra or surplus money you have available after cutting unnecessary expenses to paying off these debts faster. An example is shown below.

Credit Cards Creditor's Name	Monthly Instalment	Extra Payment
XYZ Bank	R 567.84	R 967.84
ABC Bank	R 321.62	
Total: Credit Cards	R 889.46	R 967.84

You should always pay off debts where you are in arrears, or any legal action has been taken, before you allocate extra funds to saving.

Once you know how much money you have available for your goals, you can allocate the money in the 'paying myself' column as follows:

PAYING MYSELF		
Goal 1: Save for home deposit	R 500.00	R 600.00
Goal 2: Save for Retirement	R 0.00	R 300.00
Goal 3:		
Goal 4:		
Goal 5:		
Total: Credit Cards	R 500.00	R 900.00

In this block, add up all your monthly debt payments and write down how much you currently pay every month to your credit providers.

TOTAL MONTHLY DEBT PAYMENTS	R
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ACCOUNTS/CREDITORS			
INCOME	EXPENDITURE	DEBT REPAYMENTS	DIFFERENCE
R	R	R	R