



TAKE CONTROL OF YOUR DEBTS TODAY!

There are so many opportunities to borrow money these days, is it any wonder many of us fall under the spell of “have it today, pay for it tomorrow”, especially when the interest deals are so attractive? Unfortunately some people get carried away and soon find themselves with so many loans and mounting interest. A great way to manage this predicament is “debt consolidation”.

This practice combines existing debts into one easy-to-manage loan with just one regular repayment. In doing so, you have the opportunity to reduce your regular monthly payment amount (either through a lower interest rate or longer loan term), or to reduce your loan term and save on interests costs. Consider the following example.

Jenny currently has the following debts that she is struggling to pay.

Before consolidation					
Credit Type	Interest Rate	Initial loan amount	Loan Term	Balance Outstanding	Regular monthly repayment
Home Loan	5.2%	\$300,000	25 years	\$210,000	\$1,647
Personal Loan	13%	\$20,000	5 years	\$18,000	\$455.07
Credit Card#	18%	\$10,000	-	\$8,500	\$255
Store Card#	27%	\$3,000	-	\$2,300	\$115
				\$238,800	\$2,472.07

Assumes minimum payment of 3% on credit card with a term of 21 years and 10 months, and a minimum payment of 5% on the store card with a term of 9 years and 7 months.

Helping you build yours.





After consolidation – reduced interest rate and increased term					
Credit Type	Interest Rate	Initial loan amount	Loan Term	Balance Outstanding	Regular monthly repayment
Personal Loan	5.2%	\$28,800	5 years	\$28,800	\$546
Personal Loan	5.2%	\$28,800	7 years	\$28,800	\$410

After consolidation – retain current payments					
Credit Type	Interest Rate	Initial loan amount	Loan Term	Balance Outstanding	Regular monthly repayment
Personal Loan	5.2%	\$28,800	1 year & 10 months	\$28,800	\$825.07

By consolidating her debts into her home loan using a sub-account facility at a lower interest rate, Jenny is able to reduce her repayments by \$279.07 per month on a five-year loan, or \$415.07 on a seven-year loan. Alternatively, should she choose to continue her current repayments, she will be debt-free in one year and ten months.

Whichever option suits your circumstances, debt consolidation can help you to better manage your money and your time. Talk to your adviser to find out how it might work for you.

Helping you build yours.

