

How to manage debt

The World Economic Forum has called South Africa the most over-indebted nation on earth.



Glen Jordan

In a country where 22 million people have access to credit, more than half have not paid back what they owe in over three months. Therefore, 11 million people are three months or more behind on their repayments.

"Debt in South Africa is a national emergency," says Glen Jordan, director of IMB, a financial firm that is helping ease the debt problem. "We are determined to help as many people as possible get out of debt - and remain debt-free. Debt has a solution. There are eight golden rules to keep in mind."

1. Wait 30 days until you buy something

When you're trying to manage your debt and save money, there's a golden rule: wait 30 days, and if you still need that product, only then buy it. "It's a mind-set shift," Jordan says. "Unless you're buying a house or a car, wait until you have the money - then buy it."

2. Always read the fine print

"Never sign anything without reading the fine print," Jordan warns. "As soon as one signs a document, you are bound to the terms of that document. So, while it might seem logical to buy a television in monthly instalments, read the contract in full and ask questions."

3. Be responsible around holidays

During Christmas, New Year and other holidays, people notoriously spend money they don't have. "Yes, these are times for celebration," Jordan says. "But remember: when the festive cheer dies down, you're left with the reality that you need to pay that money back."

4. Curb your spending

"This should go without saying, but if you're in debt, spend less. I've come across people seriously in debt who have simply taken out more loans to fuel their spending habits. That's not a solution."

5. Acknowledge your debt early

"Denial is real," Jordan cautions, "and it keeps people trapped in the cycle of debt for months. The first proactive

move is this: speak up. Once you articulate your problem, you'll empower yourself to find the solution."

6. If you need a fast loan, make sure you can pay it back

Loans are never ideal, because you end up spending more money than you borrowed. But if you need a fast injection of cash, make sure you're not borrowing a lump sum you could never hope to pay back. You run the risk of being blacklisted, which means you can never borrow money again.

7. Know your rights

There's hope at hand. Even if you're drowning in debt, know one thing: South Africa has strict rules designed to protect the consumer in matters of severe debt.

8. If you're borrowing money you can't pay back, you're not the only one at fault

You have rights, which means that when you borrow money you can't pay back, you may not be the only responsible party. "The lender also has a responsibility to check that you are a suitable candidate and that you can afford to pay the money back," Jordan concludes.

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