



## **PENNY RADIO**

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### **THE MONEY PODCAST**

#### **S01E10 - What's Your Debtitude? Show Notes**

##### **Exercises**

Remember these exercises are entirely optional but by doing them it will help you get an understanding of how different parts of personal finance work and will help you get to know your own money better.

1. Are you struggling with debt? If so then:
  - a. Get in touch with one of the free debt advice organisations I've listed in the Resources section below
  - b. Then call up your lenders to discuss what they can do to help you. This can include:
    - i. Changing repayment dates so you repay debt once you've received your monthly salary. This can help prevent you having to go into overdraft or use payday lenders every month
    - ii. See if they can give you longer to repay your debt
    - iii. Ask if there is a better rate that you can switch to, or more affordable plans
    - iv. Check if they will agree to write off any of your debt
  - c. Now prioritise your debts (see the next exercise)
  - d. Share your experiences with those around you or your social media followers - give them someone to talk to and help them face their own difficult debt situation. This will also help break down the stigma around debt and talking about it
  
2. Prioritise your debts (use Excel to do this as it will make sorting and keeping track much easier - check out my template [here](#)):
  - a. Write a list of all the debts you owe, from student loans and mortgages to car payments and store cards
  - b. Write down the interest rate you pay for each one
  - c. Write down how much you currently pay each month as well as the minimum amount you have to pay for each one
  - d. Put down how much you owe in total against each one
  - e. Write down the date your monthly repayments fall for each one
  - f. When is the final repayment date for each?
  - g. Are there any early repayment charges on any of these debts? Check the Terms & Conditions or call up the lender if you can't find them
  - h. Now decide whether the monthly repayment dates are suitable for you. If they aren't then call up the lender and change them so that you aren't regularly going into overdraft and having to pay more interest
  - i. Now if you haven't already, set up automatic payments for each debt to pay off the minimum amount each month (using direct debits or standing orders)

- j. This is the trickiest bit - put your list of debts into priority order. This is up to you but the 2 most usual methods are to pay off the ones that are most important to your living arrangements first; or to pay off the ones with the biggest interest rates first
- k. Now work out what spare money you have each month and put all that you can afford towards paying off your highest priority debt first, whilst still paying the minimum amounts on the other debts. This will help you pay off the highest priority one first, then when this is done you use the spare cash and the minimum amount you were paying on your highest priority one to pay off the second one on your list. You'll pay off each debt quicker and quicker as you free up more spare cash to pay off the next
- l. Make sure you write down each payment you make in your Excel spreadsheet and update the total amount you now owe
- m. Once you have paid off all the bad debts you have, focus all your spare cash on building up an emergency fund of at least 3 months' worth of your expenditure before starting to pay off your useful debts
- n. Share your good work with your friends and family and encourage them to do the same

## Resources

1. We've spoken about the importance of checking your credit score regularly before, but here is a reminder of where you can do so:
  - a. [Experian](#)
  - b. [Equifax](#)
  - c. [TransUnion](#)
2. The three best organisations that can help you if you have debt issues (and for free!!!) are:
  - a. [Step Change](#)
  - b. [Citizens Advice](#)
  - c. [National Debtline](#)