



MANAGING DEBT MEANS TAKING CONTROL

9 October, 2007

Most Australians say they manage debt wisely, but some say they make only minimum repayments and others say they get into debt by buying things they can't afford, reveals a recent report by the Australian Government's Financial Literacy Foundation.

Financial literacy: Australians understanding money reports on the results of a national survey of Australians and money – how confident we are, what we know, what we need to learn and what stops us from learning.

Whilst 79 per cent say that they feel comfortable with their level of debt, 21 per cent will get into debt by buying things they can't afford and 17 per cent pay only the minimum amount owing on loans.

“Credit cards can be an effective and convenient tool, and loans are an essential part of achieving longer term goals like owning a home or car. However, to use debt wisely it needs to be understood and affordable,” said Mr Paul Clitheroe, Chairman of the Foundation's Advisory Board.

“By taking a few simple steps you can ensure that you have control over your debt, and not the other way around.”

“Shop around for the right loan for your circumstances and make sure you compare interest rates, fees and charges. Pay off the debt with the highest interest rate first, such as a credit card, and make extra repayments on loans when you can,” said Mr Clitheroe.

Encouragingly, 85 per cent of people recognise that there is no better way of saving money than paying off debt early.

76 per cent say they regularly pay the total balance owing on their credit card when it is due, but 13 per cent say they usually pay only the minimum owing.

Learning more

Although a majority of people are highly confident in their ability to deal with credit cards and manage debt, 49 per cent recognise the importance of learning more about dealing with credit and 61 per cent recognise the importance of learning more about managing debt.

“Use the loan calculators available on the *Understanding Money* website, www.understandingmoney.gov.au, to take control of your money and manage your debt. See how much you can afford to borrow and how much you can contribute in extra repayments,” said Mr Clitheroe.

For more information on managing debt, credit cards and saving as well as a free Budget Planner and Financial Health Check, visit the *Understanding Money* website.

About the *Financial literacy: Australians understanding money* report

The report provides a view of Australians' self-assessed ability, understanding, attitudes and behaviour in regard to using and managing money, and covers a full range of money management issues from budgeting and saving to investing and protecting money. For more information on the report please visit www.understandingmoney.gov.au/report.

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