LESSON 14: ACTIVITY 2

Teacher Resource Sheet: Debt Action Plan

Whether you get into debt or you are supporting a friend or family member with debt problems, this 5-step plan will help you.

STEP 1 – PRIORITISE YOUR DEBT

- List your debts in order of importance. Rent or gas or electricity bills are your priority debts and need to be paid first. If these are not paid, you could be at risk of being evicted or having your electricity or gas cut off.
- Next, list any other debts you have, e.g. credit card debt, overdrafts and personal loans. These are your secondary debts. Secondary debt with the highest interest rates should be paid after your priority debts.

STEP 2 – REVISE YOUR BUDGET

- List everything that you have coming in and going out every week/month. When listing your expenditure, be tough with yourself and only include things you have to spend money on. This will help you to see what money you have left over at the end of each week/month.
- Once you know what you can afford to pay off your debt each week/month, you will feel more confident about having a conversation with your lender(s).

STEP 3 – CONTACT YOUR LENDERS/STUDENT WELFARE OFFICER/MABS ASAP

- Contact your lender to discuss your options. Have an honest conversation about how much you can afford to repay each week/month. This is very important, as whatever agreement you come to with your lender; you will be expected to stick to it.
- Remember some options may make your loan more expensive in the long term, but it will make things more manageable for you in the short term.
- The Money Advice and Budgeting Service (MABS) also provide free support and advice see www.mabs.ie

STEP 4 – MANAGE NEW REPAYMENTS

- Keep up to date with your new repayments.
- If you feel that you are continuing to struggle under the new arrangement, go back to your lender to try to negotiate a new plan.

STEP 5 – KEEP ON TOP OF YOUR DEBTS

- Once you get back on your feet, make sure to review your finances – you may be able to increase your payments in the future, which will mean you could be debt-free sooner.