

A background image of a modern building facade with a grid of windows and a dark purple header and footer. The text is centered on a white rectangular area.

You CAN negotiate with your creditors!

**5 Simple Steps to Reduce
Your Debt and have
Success with Your
Money**

Spending Planners Institute

Introduction

We are so excited that you have downloaded this resource.

The Spending Planners Institute are passionate about setting people free from money stress and anxiety and this is a great place to start!

Our relationship with money, earning it, spending it, stressing about it, lending it, paying it back, dreaming of it and everything else has taken over too many hours of our lives.

Our intent is to get you thinking about your day to day money management and the simple steps you can take to effortlessly manage your money, ensure all your essential bills are paid, eliminate debt, stop living pay to pay and achieve the lifestyle you really want for yourself and your family.

Did you know that debt is the leading cause of friction, tension and anxiety in the family home? A recent disturbing statistic stated

Money worries are the leading cause of marriages falling apart, according to a new study, the release of which coincides with what is reportedly the busiest time of year for separations.

The first working Monday of the year is dubbed "Divorce Day" by lawyers because of the increase in the number of people looking to end their marriages following the stress of Christmas and the New Year.

We have a saying at the Spending Planners Institute.....'When debt comes in the door, love goes out the window'.

So, thank you again for downloading this resource. We know that as you follow the steps to negotiating with your creditors, you will be able to set yourself free from money stress and anxiety, achieve harmony in your relationship, work toward joint goals and dreams, and live happily ever after.

If you have any questions along the way, please don't hesitate to reach out. You can simply contact us by phone on 1300 918 450 or email us at admin@spendingplannersinstitute.com.

Cheers to your successful money journey

David Wright
Founder
Spending Planners Institute

Before you contact a Creditor to negotiate your debt, make sure you have systems and processes in place so creditors know you are serious about making change. It's important that you present as someone who is worthy to help.

5 Steps

1. Don't delay in taking action

If the trouble with meeting your payment goes beyond a single payment, you need to contact your creditor and discuss an arrangement to pay as soon as possible. Be sure to be specific about how, when and over what period you'll make payments. Creditors will often work with you as long as your offer is reasonable, you keep up with agreed payments, and you keep in touch with them.

2. Know your current situation in detail

- What are your essential expenses?
- What is your current income?
- Write your debt list
- Full details, interest rates, amount owing, term
- Emergency savings
- Put a savings plan in place so you no longer need to use credit moving forward
- Use your budget to work out how much you can afford to pay back on debt owing. Be realistic about the amount you can afford to pay, based on your budget and current situation.

3. Prepare your Story and Define your Request

Your Creditor doesn't want to hear all the details about how or why you're not able to pay your bills. However, they do need to know if you are in a hardship situation and what you are trying to do to get back on track. Be truthful! If you tell everyone a different story, especially one that's not true, it's bound to backfire.

So, your story may be

- Out of work for 2 months
- Car accident
- Partner has lost her/his job
- New baby and partner has taken leave for a time

What do you want the outcome of your call to be?

- Extra time to pay if you believe your circumstances are only short-term
- Make a reduced payment for a limited amount of time
- Negotiate a reduced interest rate and extended term
- Make a debt reduction offer, i.e. you have received a lump sum of money and would like to offer a reduced amount in full and final settlement of a debt despite this amount being less than the amount owed. Some creditors will accept a reduced amount to clear a debt.
- Ask for a waiver of the debt if you are in no position either now or in the foreseeable future to pay the debt.

4. Exploratory call

- Call your Creditor and find out who to contact
- Ask for the name and email address of the person you should speak to or contact regarding hardship or inability to make current debt payments
- Ask what the process is to with regard to a hardship claim
- Ask what information will you need to provide
- Ask whether you need to meet face to face, over the phone or are there forms required to be completed.

5. Formal Request for Help

- Make the call
- Send the email
- Complete the form

Wording – what to say on a call

We are currently experiencing stress and anxiety over our financial situation and struggling to meet our current repayments. Our situation has come about due to.....

We are putting a budget in place to get on top of our personal finances and I would like to negotiate a plan with you to help us pay off our debt in a timely manner. We are also seeking professional assistance to help us in this regard.

I would like to negotiate (choose your outcome). How can you help us?

Get it in writing

- When you do come up with a payment arrangement request it in writing. Otherwise, the terms can change, and it will be your word against theirs.
- Keep a record of all phone calls and copies of all correspondence you have with your lender or creditor regarding agreements for the payment of your debt.

New Habits

Now that you have negotiated with your creditors, it's time to set yourself some debt rules, or new habits, to ensure you can stay in control of your finances and grow your money.

Here are some examples of rules, or habits, you can put in place to ensure your successful money journey:

- Never borrow for things you don't absolutely need
- Never spend more than \$50 on a single non-essential item without walking away and thinking about it for 24 hours
- Always pay more than the minimum loan repayments so you can miss or reduce your repayments for a while in the future if you fall on hard times.
- Write down and consider the ongoing cost of ownership with every purchase you make, especially purchases like a pet or a pool.
- Never pay the recommended retail price for anything - everything is on sale eventually.
- Save up and pay cash for purchases
- Refuse to use 'buy now, pay later' schemes
- Make yourself accountable to someone who will make sure you achieve your goals.

Congratulate Yourself

Now that you have navigated the steps to negotiating with your creditors, it's important you have a plan in place for your money so that debt no longer comes knocking on your door.

A Spending Plan is a unique budgeting software tool that is different to any other in that it doesn't depend on income or pay cycles. Rather, it gives you the opportunity to put in expenses first and then it comes up with a figure that you need to have in your bank account to allow your expenses all to be paid, on time, every time. We call this figure the MISSING NUMBER and it's why no other budgeting tool works as they don't give you the complete picture. It's a lot like having your bank statement 12 months in advance.

To find out more about having your own personal Spending Plan, go to www.findaspendingplanner.com and choose a Spending Planner to call and have a chat. It's free, there's no obligation, and we promise, we're not that scary!



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