Nicely done.

Your guide to taking control of debt

With this guide in your hands you've taken a step in the right direction when it comes to keeping debt under control. So, nicely done. In just a few minutes you'll get to know what debt is, how and when to use it, and when it's probably best to avoid it.

CONTROL TIP:

Extra know-how at a glance

Like some extra know-how about taking control of debt? Then keep your eyes peeled for the Control Tips throughout this guide. They'll give you a little extra insight into debt and smart ways to keep it under control.

What's inside.

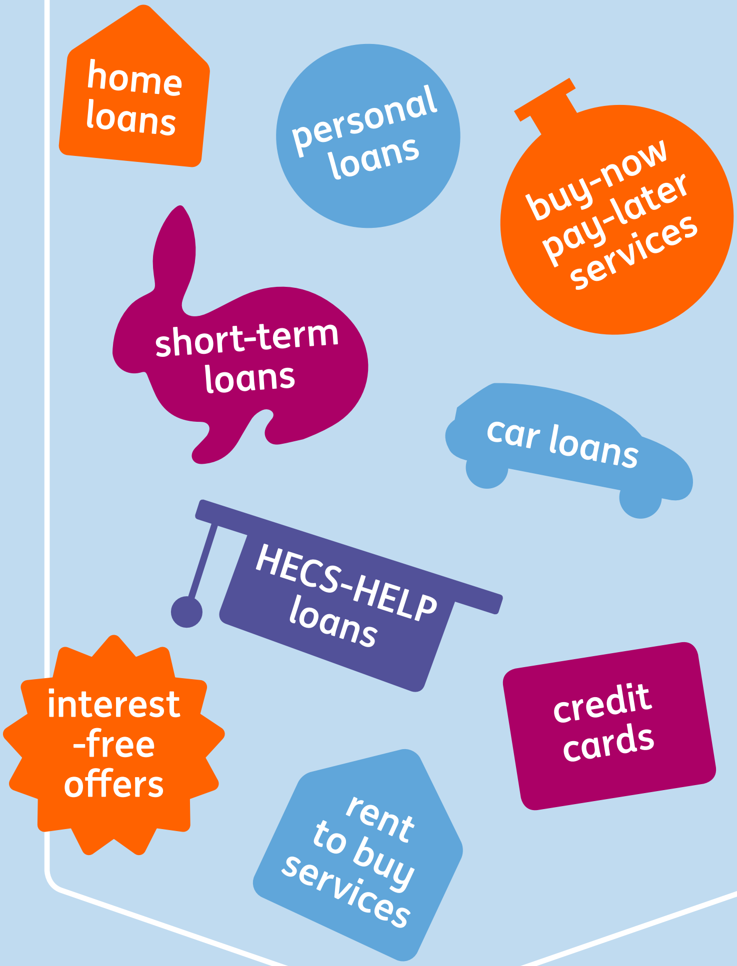
Understanding debt.

Put simply, debt is money owed by a person borrowing money to someone lending money.

So if you borrow money from another person, financial institution or government, or use their services with the agreement you'll pay them back, it's debt.

Typical types of debt

Debt comes in many shapes and sizes. Common types of debt you've probably come across include:



Learning the lingo

Here are some terms we use in this guide and are good to know when thinking or talking about debt.

Asset
When discussing debt, an asset is usually a physical item of value like a house or car.

Comparison rate
A percentage rate that includes a loan's interest rate plus most fees and charges so you can work out the true cost of a loan.

Conditional approval
An initial or 'in principle' approval of your loan application based on a preliminary check of the information you've provided. Further verification of information, documentation and other evidence is carried out before any formal approval is provided.

Credit score
A score based on your borrowing and repayment history that lenders use to assess the risk of lending you money.

Debt consolidation
When you roll multiple debts into one loan.

Guarantor
Someone who agrees to be legally responsible for paying your debt if you don't.

Instalment
A payment made as part of a series of repayments to pay off a debt over time.

Interest rate
The percentage rate charged for the use of the money you've borrowed.

Interest-free period
A period of time where no interest is charged on your debt or part of your debt.

Introductory rate
A lower interest rate offered when you get a new loan or credit card that reverts back to a standard interest rate after a period of time. Also called a 'teaser' or 'honeymoon' rate.

Loan term
The length of time it will take to pay off your debt by the instalments specified in the loan contract.

Principal
The amount of money you borrow or still remains to be paid back, excluding any interest and fees.

Repayment
Any payment your make to pay down your debt. See 'instalment'.

CONTROL TIP:

Too good to be true?

Think about your ability to repay before using buy-now-pay-later services or getting a short-term 'payday' loan. The fees can be costly if you miss a repayment date or you could end up paying really high interest on a very small loan.

Managing your money.

Knowing what you earn, what you spend and what you save is the smart way to see any spending habits that might be getting in the way of your goals. Better yet, it's never too late to start figuring it out.

Create a budget

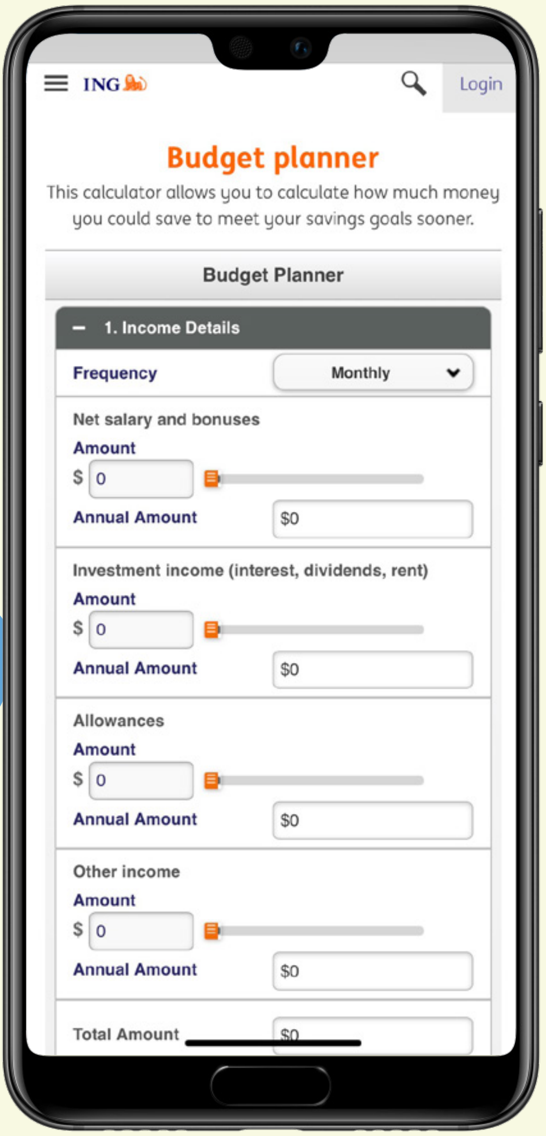
Yeah, yeah, yeah, you've heard it all before. But that's because a budget is the simplest, smartest way to get a handle on your money. So don't think of it as a way to deprive yourself.

Instead, a budget is your plan for your spending, saving and reaching your goals. Plus you're not locked in – you can and should change your budget over time as your income, savings and priorities change.

CONTROL TIP:

Let tech to do the math

If pen and paper's not your thing, there are other ways to do your budget. Like using a spreadsheet or budgeting app. You can also use our online planner to calculate your income, expenses and savings then print or download it. Just search for 'budget planner' at **ing.com.au**



Ways to pay

Cash

Cash is great way to stay in control of debt because you can only spend what you actually have. But in an increasingly cashless world, tangible money isn't always convenient.

Credit cards

Credit cards let you carry less cash and pay for things online, but can get away from you if you're not careful. Consider one with no or a low annual fee and only spend what you can afford to pay off completely each month to avoid interest. Alternatively, some credit cards offer features that allow you to pay off your balance in different ways, like with instalment plans.

ING's Orange One is a credit card with no annual fee and low rate.

Debit cards

If you want more control, a debit card is a smart alternative that lets you make purchases the same way as a credit card. The difference is you don't go into debt because you're using your own money, not credit. That way you're spending money you've got, not borrowing money you might not have.

ING's Orange Everyday is a fee-free transaction account that also comes with a free Visa debit card that lets you shop online like a credit card.

Pay yourself too

Once you've paid existing debts, your bills and day-to-day expenses, don't forget to pay yourself too.

A general guide is to try and save 10% of your salary.

Put it somewhere it can earn a higher rate, like an ING Savings Maximiser account. Start saving regularly and that first home or new car could be closer than you think. It's also good for covering emergency expenses without going into debt.

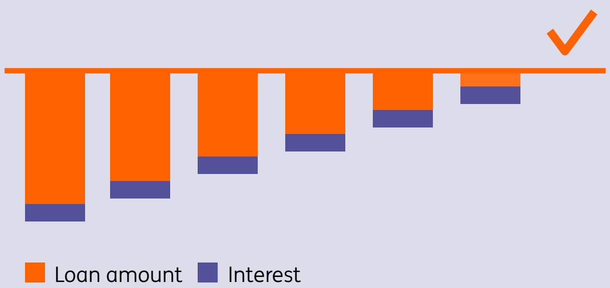
Big purchase must-knows.

Saving for purchases is the ultimate goal. But let's face it – it isn't always easy or practical. So if you're making a major purchase like a new car or have an unexpected expense drop in, you might need a loan to pay for it.

Here's the down low.

How loans work

They can seem complicated but loans really are pretty straightforward: you borrow money from a lender then pay the money back over time, along with any additional interest and fees.



Secured or unsecured

Secured loans are usually attached to the asset the loan's being used to buy, such as a car.

A secured loan means the lender can take the asset back if you don't make the repayments. It also means the asset isn't technically yours until you pay off the loan.

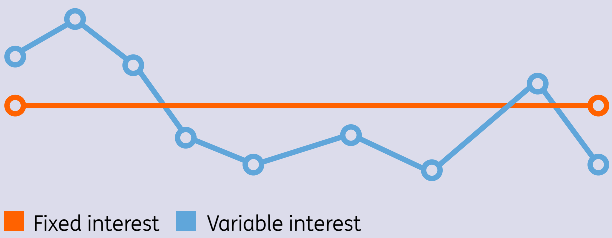
Unsecured loans aren't attached to an asset but interest rates can be higher to compensate for the lack of an asset as security.

Understanding interest rates

Finding the right loan often comes down to balancing features, fees and the interest rate.

A lower interest rate could mean you pay back less overall compared to a loan with a higher rate. But make sure you check the comparison rate first to see what the true cost is with fees included.

It's also important to check if the interest rate is fixed or variable.



A variable rate can go up or down, which can affect your repayment amounts over time. If you want more certainty you might prefer a fixed rate loan with set repayments.

Keep in mind that with a fixed loan you won't benefit like you could with a variable loan if interest rates go down. But on the flipside, you won't be impacted if interest rates go up above your fixed rate.

And one final word on interest rates: be cautious of special introductory rates – they're called 'teaser' or 'honeymoon' rates for a reason.

CONTROL TIP:

A little adds up to a lot

Small fees can add up to big costs over time. So look for a loan that helps you save on fees as much as possible. For instance, an ING Personal Loan has no ongoing or early repayment fees. And the establishment fee will be waived when you have an Orange Everyday transaction account too.

Get a feel for fees

You should also understand the different fees that can come with a loan, including:

- **upfront fees** such as application or establishment fees when setting up your loan
- **late payment fees** if you don't make a repayment on time
- **early repayment fees** when you make additional repayments or pay out your loan early
- **ongoing fees** such as monthly administration or account keeping fees.

Taking control of debt.

Remember the old saying about the tail wagging the dog? Same with debt – life's a lot more enjoyable when you're in control of it rather than the other way around.

Here are some smart ways to show debt who's boss.

Create a debt hit list

Before you can start tackling anything in life you need to know what you're working with. So first things first: list all your debts, what the interest rate and fees are, how much you owe for each one and total it up.

Debt name	Interest rate	Fees	Amount owing

Pay off debts with the highest rates first

You should continue to pay at least the minimum repayment on all your debts to avoid additional fees. However, debts with the highest interest rates are usually the ones costing you the most. So it usually makes sense to make extra repayments towards those debts first so you can pay them off faster than your lower rate debts.

Roll your debts into a lower interest loan

Debt consolidation is when you roll higher interest debts into one loan, preferably one with a lower interest rate.

In most cases, the aim is to reduce the amount of interest and fees you're paying and make the debt easier to manage. So make sure you compare rates, fees and charges before making any changes.

Also, make sure you cut up any credit cards you pay out with the consolidation loan so there's no temptation to run them up again.

To see if you could save by consolidating your debts into an ING Personal Loan, check out the repayments calculator at **ing.com.au**

Keep the repayments rolling

Once you've paid off your first debt, don't stop. Put the money you've been using to pay off that debt towards extra payments on debt number two on your hit list. Then keep it rolling until you're back in the black.

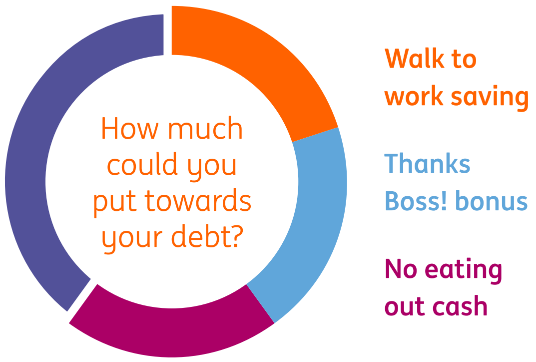
Unlocking control status.

When you're ready to up your debt control game, here are some winning tips. Use them wisely and you'll reach control level sooner than you think.

Game. On.

Pay more when you can

The best way to get ahead of your debt is to repay more than you have to (just make sure you won't be charged early repayment fees first). So if you can afford to pay more than the minimum – or you find yourself with a work bonus, tax refund or extra savings – consider putting it towards your debt and you could be debt free faster.



Know your credit score

Your credit score is used by lenders to rate your 'creditworthiness' when assessing your application. So it pays to have a good score.

Your score is based on your credit history – how well you've paid your bills over time and whether you've defaulted on debts in the past – and is contained in a credit report compiled by a third-party provider often called a credit bureau.

If you believe the details in your credit report are incorrect you can ask the credit bureau to amend them. Or if your score's not great, you can improve it by ensuring you pay bills and debts on time.

To find out how to get a free copy of your credit report, visit **moneysmart.gov.au**

Ask an expert

Sure, you could ask your family and friends about what to do with your money. But the one person you should ask is a licensed financial adviser.

As well as independent advice on budgeting, debt management, investing, super and tax, they can help you set your financial goals and create a plan to achieve them. So look around for an adviser who's not only qualified and licensed, but on your wavelength too.

To find advisers in your area, visit the Financial Planning Association at **fpa.com.au**

CONTROL TIP:

A word (or two) from the wise

Today, you'll find plenty of books with tips and tools for managing money, including ones for kids, young adults, growing families, women and more. Make sure whichever book you choose is up to date and written for Australia so you're getting the best information. Just search the personal finance section of your favourite bookstore.

Where to get help.

Financial hardship can feel quite isolating and if you're really struggling with money, you're not alone.

Here are some services that can help you take back control.

CONTROL TIP:

Speak to your credit prover first

The first thing to do is contact the people you owe money to and tell them you're experiencing financial hardship. Many organisations have teams that will work with you to create an alternative payment arrangement while you get back on the front foot.

MoneySmart

A government website run by the Australian Securities and Investments Commission to help people make the most of their money, including paying off debt. For money tips and tools, visit **moneysmart.gov.au**

National Debt Helpline

A not-for-profit service dedicated to helping people tackling debt problems with free step-by-step guides and a referral service that can connect you with one of 850 free financial counsellors nationwide.
Call **1800 007 007** or visit **ndh.org.au**

Department of Human Services

If you're receiving income support payments, you can get help to manage your money. To find more about the government's provisions for severe financial hardship or how debts are recovered if your account is overdrawn, visit **humanservices.gov.au**

ING Financial Hardship Team

If you're an ING customer and finding it hard to make repayments or you've been affected by a natural disaster like a bushfire or flood, our team may be able to help. For your options, click the financial hardship link at the bottom of **ing.com.au** or call **1300 349 166**

Your guide to controlling debt

To start understanding and taking control of debt, take a minute to read this guide. To find out more visit **ing.com.au** or call **133 464**