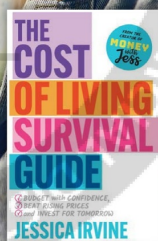
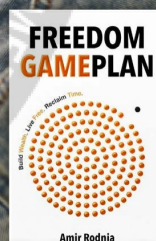


ON THE CARDS

With the festive season just around the corner, here's how to avoid credit shocks in the new year



The Cost of Living Survival Guide
by Jessica Irvine
Wiley, \$34.95



Freedom Gameplan
by Amir Rodnia
Publish Central, \$34.95

As the holiday countdown begins, a credit card can seem like a simple way to cover extra expenses.

Budgeting expert Jessica Irvine says many households were able to pay off their credit cards during the pandemic, but the rising cost of living means that some balances are creeping up again. "The main trap people fall into with credit cards is only making the minimum required repayment and carrying over large balances from month to month on which they pay these punishingly high interest rates."

With many rewards programs on offer, financial planner Amir Rodnia also says you should consider your budget and all of the included fees before leaping in. "If you're using your card strategically for everyday expenses and avoiding paying interest then it can be a useful tool," he says. "But using credit to fund

unnecessary spending can quickly become a problem."

BUY NOW, PAY LATER

We've also seen a rise in buy now, pay later options.

"Services like Afterpay split payments into instalments and usually don't charge interest," Amir says. "The catch is they can also make it very easy to spend money you don't have, especially if you have several purchases running concurrently."

Just like any form of borrowing, your buy now, pay later use may

be factored in when applying for a home loan. Fees can quickly add up if you miss repayments.

"Multiple fees can apply to this type of credit, including late fees, monthly account keeping fees, payment processing fees and establishment fees," Jessica says.

SEEKING SUPPORT

If you're having difficulty paying your debts, call the National Debt Helpline on 1800 007 007.

"A financial counsellor can help you to understand your options. They are a free,

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confidential and independent service," Jessica advises. "Be wary of fee-charging services offering to help you consolidate debts. Scammers are out there."

Amir says you can also ask your credit card provider for hardship assistance. "They have an obligation to consider your request," he explains.

In some cases, government assistance may be available in the form of vouchers, rebates or payments. Anyone facing financial abuse from a domestic partner can call 1800 RESPECT. For Lifeline support, call 13 11 14.

"If you need help paying for an emergency expense, like a medical procedure or appliance replacement, you can apply for a No Interest Loans Scheme run by Good Shepherd and get access to up to \$2000 with no interest and no fees," Jessica says.

3 STEP PLAN

1 MAKE A LIST If you want to tackle your debts yourself, Jessica says to write a list of everything you owe. "List the credit providers, the total balance owing on each card, the interest and minimum required repayments."

2 SET A BUDGET

Next, Amir says you should work out how much you can realistically set aside for monthly payments. "If you're really struggling to make even minimum repayments, speak to your bank about hardship programs before the problem gets worse."

3 TARGET YOUR DEBT

If you have multiple cards, tackle them one by one with extra payments. "Tackle the card with the lowest balance owing to feel a sense of accomplishment when you can cut it up," Jessica says. "Or choose the card with the highest interest rate to reduce total interest charges."