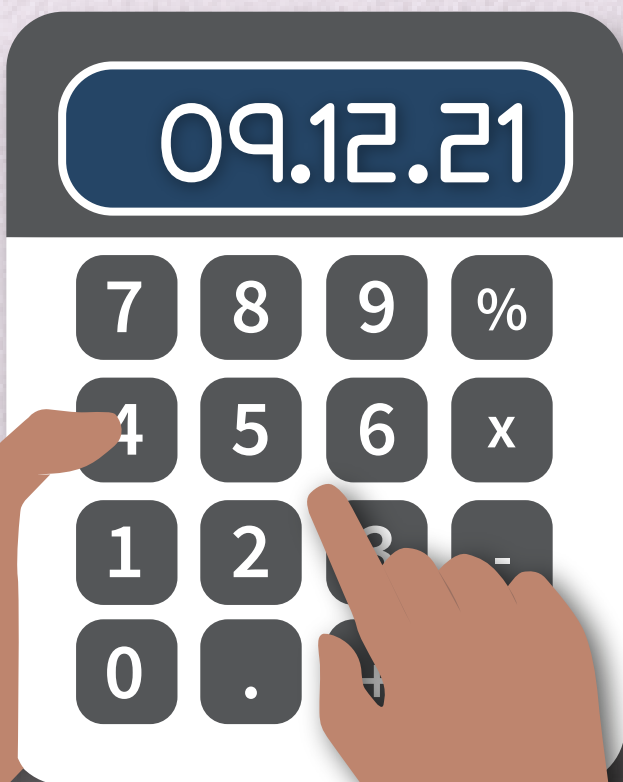


Managing Debt

with Indigo



Q&A Session

Managing Debt with Indigo

To view the answer, simply click on any of the questions below.

How do you prioritise what to cut down on to manage debt but still enjoy life?

What resources or services could I look into if I find myself in debt in the future?

What should be the first thing I do if I'm in debt?

How could I pay off my huge debt if I'm only on universal credit?

How to save whilst paying off debt?

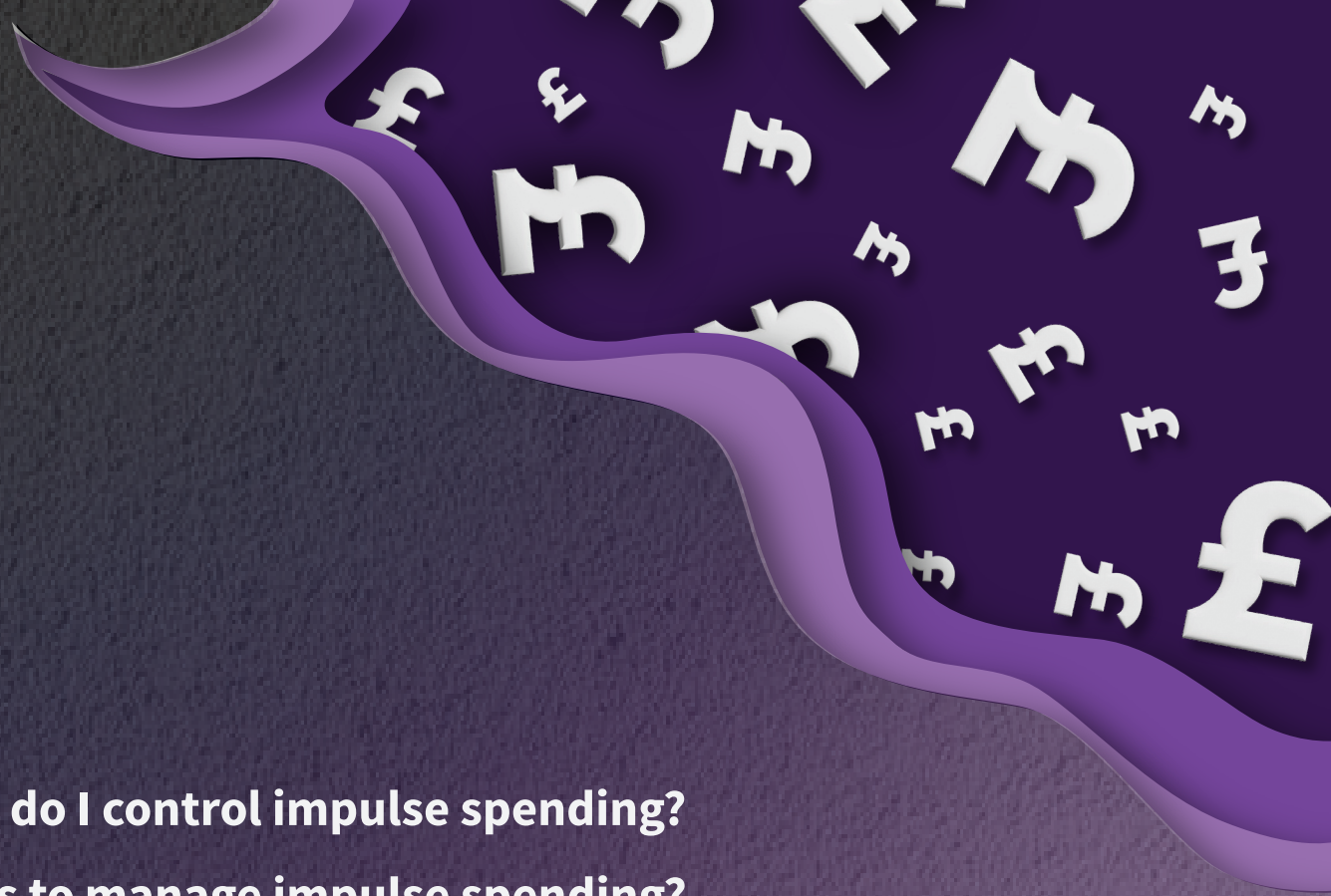
Would I be able to take out a loan to clear some of the debt to reduce the interest rate on debt?

What are your do's and dont's of managing debt?

How would I go about creating a budget? What are the priorities?

What are the best ways to save money?

What would I do if I am struggling and constantly gaining more debt slowly after every paycheck?



How do I control impulse spending?

Ways to manage impulse spending?

How to break the cycle of living paycheck to paycheck?

How to cope with the stress of socially keeping up with friends who earn more than me?

Will missing payments affect my chances of getting a mortgage later in life?

Not putting enough or any into my pension makes me anxious for my future. What can I do?

I feel bad whenever I spend on myself as I was only brought up to save. What can I do?

What are the top tips you've learned about managing debt?

How do you prioritise what to cut down on to manage debt but still enjoy life?

When considering your expenses and priorities, it can help to first understand exactly how much you have incoming and outgoing of your household. This can be broken down further into essentials such as the utility bill to non-essentials such as an online streaming account. Once you have this level of understanding you can look at ways you can reduce some of your spending on non-essentials whilst still enjoying life. Making small changes such as getting coffee from your favourite coffee shop once a week rather than everyday allows you to indulge in some of your favourite things but still be able to pay towards your debt.

What resources or services could I look into if I find myself in debt in the future?

That's a great question, if you find yourself in debt or realise that your income is not completely covering your needs it is best to address this as soon as possible. We work closely with a charity called Step Change who offer free debt advice and support for those already in debt or worried about being in debt in the future.

What should be the first thing I do if I'm in debt?

It is best to consider making a budget plan in the first instance to understand your incomings and outgoings. The essential and non-essential expenses you have. This allows you to plan how much you can pay towards your debt each month.



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How could I pay off my huge debt if I'm only on universal credit?

Communicating with the debt company about your current situation to see if they will accept long-term small payments and considering using a company like Step Change to consider any plans that are available.

How to save whilst paying off debt?

Having savings is important for unexpected times in life. Saving any amount would be beneficial even if you are saving 5% of your income as this is all you can afford, it all builds up over time.

Would I be able to take out a loan to clear some of the debt to reduce the interest rate on debt?

This is a possibility that would depend upon your personal financial circumstances. Things to consider before doing this, is the interest rate of the new loan and whether it is better to have the current debt in one place. To do this you need to work out how much the new interest rate will be vs the interest rate of the current debt. It may be helpful to have your financial situation assessed through Step Change who will be able to advise if this is the best next step for you.

What are your do's and don't's of managing debt?

Interesting question, and most importantly do not ignore the problem as I know many people find their debt overwhelming. Do ask for help and always ensure you are making some sort of payment towards the debt.



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How would I go about creating a budget? What are the priorities?

Begin by listing your income and outgoings. List essential and non-essential outgoings separately. Review bank statements to see if there is any overspending as this would be a quick win to reduce that overspend. The priorities are to ensure there is no overspending and that you can have some savings each month whilst still enjoying life.

What are the best ways to save money?

To begin saving money you first need to consider how you would like to save money. There are many saving accounts with your local bank or ISA's that you can explore, and this can create a secure saving opportunity for you. The best way to start saving is to understand your outgoings and disposable income. Disposable income is anything you have left over once you have paid for your essentials. Give yourself a realistic target such as start by saving 20% of your disposable income and try to increase this over time.

What would I do if I am struggling and constantly gaining more debt slowly after every paycheck?

Thank you for sharing this question, I would suggest reviewing your current debts to ensure that you are on the best plan. For example is the debt spread across multiple loans or cards that could be consolidated to reduce interest. Following this, review your outgoings are you paying for essentials only or are there non-essentials you could remove to reduce expenses. Finally, it may be worth speaking to Step Change & considering a debt management plan. They will be able to discuss how this works and review whether this would be beneficial in your circumstances.



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How do I control impulse spending?

Creating a budget plan can help reduce the amount we overspend. For example, give yourself £40 to eat out that month and keep your receipts or make a note each time you go out. Tip is to make your budget realistic, as you are more likely to stick to it.

Ways to manage impulse spending?

Having a budget plan in place can help with this and self-reflecting on the things that you tend to purchase in an impulse. Do you find that you are often impulse spending on new clothes for example? Therefore, by giving yourself a budget lower than what you usually spend but also something you can afford you have created a safe space in which you know you can spend £20 that month on clothes.

How to break the cycle of living paycheck to paycheck?

Breaking the cycle of living paycheck to paycheck can be difficult. It is important to understand why this is happening in the first instance and whether there are changes you could make to free up any finances. Then begin by saving anything, this does not matter how small it is as it all adds up.

How to cope with the stress of socially keeping up with friends who earn more than me?

In this situation it often helps to be as honest as you feel comfortable with being. Talk to them about your situation and suggest low-cost alternatives that you can all enjoy without feeling this pressure. As they are your friends they should understand your concerns.



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Will missing payments affect my chances of getting a mortgage later in life?

When applying for any financial credit you will need to go through a credit reference check. This allows organisations to look at your credit history. They are reviewing how much you have been trusted with previously and how reliable you are to lend further credit. It is, therefore, best to not miss payments and to ask for payment breaks where you need help.

Not putting enough or any into my pension makes me anxious for my future. What can I do?

Great question, there is this struggle between having money now and planning for the future and there needs to be a balance. Reflect on your current finances currently and speak to the Pension Advisory Service which is a free organisation that will be able to advise of the amount you should be saving.

I feel bad whenever I spend on myself as I was only brought up to save. What can I do?

It is important to self-reflect here about what is right for you. We all have certain principles instilled as children and there is nothing wrong with this. However, these do not always serve us in adulthood. Start by giving yourself a small amount that you can spend.

What are the top tips you've learned about managing debt?

Try to review all of your debt and pay more towards the debt with the highest total.



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