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CareWorks' Employee Wellness Programme

Take Control: A Practical Guide to Debt Management for South Africans

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For many South Africans, debt is part of everyday life—from store accounts and credit cards to loans and funeral policies. But when debt becomes overwhelming, it can take a serious toll on your mental health, family life, and financial stability.

The good news? Debt can be managed—and even eliminated—with the right knowledge, support, and plan. This article aims to help employees understand how to take back control of their finances and work toward a debt-free future.

Understanding Debt in South Africa

According to recent statistics, over 70% of South African income earners are in some form of debt, and nearly half struggle to meet their monthly repayments. Common forms of debt include:

- Credit cards and overdrafts
- Personal loans
- Clothing and furniture store accounts
- Vehicle and home loans
- Informal loans (from mashonisas or friends/family)

Many households rely on credit to make ends meet—but without a clear plan, debt can quickly spiral out of control.

The Real Cost of Debt

It's not just about the money you owe—it's about the **interest** and fees you pay over time. For example:

- A R5,000 loan with 24% interest over 12 months could cost you over R6,200 in total.
- Missing payments affects your **credit score**, limiting your ability to get affordable loans in the future.

Debt can also lead to:

- Sleepless nights and anxiety
- Strained relationships
- Poor work performance due to stress
- Reduced ability to save for your future

Signs That Debt May Be a Problem

- You borrow money to pay off other debts
- You only pay the minimum amount each month
- You avoid opening bills or bank statements
- You rely on credit for groceries, transport, or school fees
- Your salary is finished within days of being paid

Steps to Manage and Reduce Your Debt

1. Face the Numbers

Make a list of all your debts:

- Who you owe
- How much you owe
- Interest rates
- Monthly repayment amounts

Seeing the full picture can feel scary, but it's the first step toward freedom.

2. Create a Realistic Budget

Cut unnecessary spending and prioritise debt payments. Even small sacrifices—like fewer takeaways or streaming services—can make a difference.

3. Use the Snowball or Avalanche Method

- **Snowball**: Pay off the smallest debt first while paying minimums on others. Then move to the next.
- **Avalanche**: Focus on the highest-interest debt first. This saves more money in the long run.

Choose the method that motivates you most.

4. Avoid Taking on New Debt

Don’t use new loans or credit to pay off old ones—it’s a trap. Freeze your credit cards if needed.

5. Negotiate with Creditors

Many lenders are willing to restructure your payment plan or offer lower interest if you’re honest and communicate early.

6. Consider Debt Counselling

If your debt is unmanageable, seek help from a registered **debt counsellor**. They can:

- Negotiate lower payments on your behalf
- Help you avoid legal action or repossession
- Combine your debts into one affordable monthly repayment

Important: Always use a counsellor registered with the **National Credit Regulator (NCR)**.

The Role of Employers in Supporting Financial Wellness

As part of your employee wellness programme, consider:

- Hosting debt education and financial literacy workshops
- Providing access to reputable debt counsellors or advisors
- Offering confidential EAP (Employee Assistance Programme) services for financial stress
- Encouraging savings through payroll-based options (e.g. saving clubs or emergency funds)

Financial stress affects work performance. By supporting employees, everyone benefits.

Your Future Without Debt

Imagine a life where:

- You no longer dread the 1st of the month
- You sleep peacefully at night
- You can save for goals and enjoy peace of mind

It’s possible. It starts with one decision: to take control today.

Helpful Resources in South Africa

- **National Credit Regulator (NCR):**
  www.ncr.org.za | 0860 627 627
  – For registered debt counsellors and advice

- **DebtBusters:**
  www.debtbusters.co.za
  – Trusted debt counselling and consolidation support
- **National Debt Mediation Association:**
  www.ndma.org.za
- **FinScope SA Consumer Survey** – Insights into national spending habits and credit usage

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Final Thought

You're not alone—and there's no shame in needing help. Debt is a challenge many South Africans face, but with a clear plan and the right support, you can turn your finances around.

Start where you are. Use what you have. Do what you can.