

This topic is about debt. It explains what a debt is and what repayments are. It also explains what might happen if money borrowed is not paid back on time, or at all.

| Section: content for the worker and resources |  Key messages |
|--|---|
| <p>A: Introducing debt</p> <p> Level 1</p> <p> Level 1</p> <p> Factsheet</p> | <ul style="list-style-type: none"> ▶ Debt is money you owe and need to pay back. ▶ You may have legal problems if you do not pay back your debt. ▶ If you do not pay your debt, you may pay more money. |
| <p>B: Managing your debt</p> <p> Activity Level 2: <i>Debt collection and the law</i></p> <p> Level 2: <i>Lewis pays all his credit card debt</i></p> <p> Level 2: <i>Josef stops paying his car loan</i></p> <p> Level 3: <i>Peyman borrows to buy a new guitar</i></p> <p> Factsheet</p> | <ul style="list-style-type: none"> ▶ Too much credit can cause money problems. ▶ A budget helps you plan to pay back the money you have borrowed. ▶ You may have legal problems if you do not pay back your debt. |
| <p>C: Help with managing your debt</p> <p> Level 2: <i>Jean rings a Financial Counsellor</i></p> <p> Factsheet</p> | <ul style="list-style-type: none"> ▶ If you are having problems paying your debt, speak to a free Financial Counsellor. ▶ Keep paying what you can and contact your lender (credit provider) as soon as possible. |

Financial literacy levels



Ask these types of questions to check your client's level of understanding and knowledge

- ▶ What is debt?
- ▶ What kinds of debts do people have?
- ▶ Is having a debt a legal problem?

After your client answers your questions, determine what information they need based on their level of knowledge. You can do this using this table.

| Your client has this level of knowledge | Description |
|--|---|
| Level 1: No or a limited understanding | <p>If your client cannot answer any of your questions or can only answer them a bit, they have no or a limited understanding.</p> <p>You can help them understand more by showing them the photo story in their translated language to introduce the topic.</p> <p>You can also listen to the audio story.</p> <p>After using the photo and/or audio stories, see if your client has developed some understanding of the topic, by asking them to answer the questions again.</p> <p>At the end of the section, you can give your client the factsheet in their translated language to take home with them, so they can look at it later.</p> |
| Level 2: Some level of understanding | <p>If your client answers one or more of your questions, but not in a lot of detail, they have some level of understanding.</p> <p>You can show them the photo story to review the topic.</p> <p>You can also go through the Level 2 activities and stories in the kit as these are for clients with some level of understanding.</p> <p>At the end of the section, you can give your client the factsheet in their translated language to take home with them, so they can look at it later.</p> |
| Level 3: A higher level of understanding | <p>If your client answers your questions in detail they have a higher level of understanding.</p> <p>For example, if you ask your client 'What is a debt?', and they can explain what it is, you do not need to show them the photo story. Instead, you can look at the more advanced activities in the kit with them, labelled as Level 3.</p> <p>At the end of the section, you can give your client the factsheet in their translated language to take home with them, so they can look at it later.</p> |

A: Introducing debt



Key messages

- ▶ Debt is money you owe and need to pay back.
- ▶ You may have legal problems if you do not pay back your debt.
- ▶ If you do not pay your debt, you may pay more money.

Content for the worker

This section introduces your client to the concept of debt. To do this, show your client the photo story and/or play the audio story.

When showing the photo story, remember to pause and check if your client is following the story in the right sequence.

A factsheet on this topic is also available for your client. You can photocopy and give the factsheet to your client in their translated language to take home.



After using the photo and audio stories, you can check your client's level of understanding and knowledge by asking questions such as:

- ▶ What is debt?
- ▶ What can you remember about paying back your debt?
- ▶ Does debt cost you more money?

Does your client understand the key points from today?

If they do not, you can go through the information again at another time.

If they do you can proceed to the next level the next time you meet your client – from **Level 1** to **Level 2** or from **Level 2** to **Level 3**.

Resources



Level 1: Debt photo story



Level 1: Debt audio story



Debt factsheets. These can be found at the end of the topic in the following languages:

- 1 English
- 2 Arabic
- 3 Assyrian
- 4 Burmese
- 5 Chin Hakka
- 6 Dari
- 7 Dinka
- 8 Farsi
- 9 Hazaragi
- 10 Karen
- 11 Kirundi
- 12 Nepalese
- 13 Nuer
- 14 Sudanese Arabic
- 15 Swahili
- 16 Tamil

B: Managing your debt



Key messages

- ▶ Too much credit can cause money problems.
- ▶ A budget helps you plan to pay back the money you have borrowed.
- ▶ You may have legal problems if you do not pay back your debt.

Content for the worker

Debt is when you owe somebody money – for example, when you borrow money from a lender, or you owe money for bills, such as for electricity, water or phone.

A budget helps you manage how to pay your debt. It is a written plan that helps you know how much money you have coming in and what you need to spend it on. A budget helps you keep track of what you are spending by showing if you are under or over spending your money.

There are different ways you can prepare a budget (some people write it down and some do not). It is good to write a budget because you can easily follow it.

More information on how to create a budget can be found in the Household budgets topic.

If you have too many debts, this can cause you money problems.

Repaying debt

You need to be careful when deciding to go into debt. Not all debt is from credit. You can have debt if you do not pay your bills, such as for services like electricity, water or phone.

The best way to manage your debt is not to fall behind on your **repayments**.

If you miss a repayment you should contact your lender to let them know.

If you cannot pay the full amount you owe, try to pay some money. You should contact your lender to let them know you can only make some payment.

It is against the law to not pay your debts. If you do not pay your debts, your lender can take legal action. They can take you to court to get their money back.

A **secured loan** is a loan backed by an asset. An asset is something you own, like your house or car. With a secured car loan your lender can use your car as security. If you do not pay your loan the lender can sell your car to get their money back.

Debt collectors

If you fall behind with your credit repayments and do not contact your lender, a debt collector will contact you.

A debt collector could be a lender collecting the debt themselves or a debt collection agency acting on a lender's behalf. Sometimes debts are sold and the buyer of the debt is the one doing the collecting.

Each state and territory determines what debt collectors can and cannot do. Generally, they should only contact you when they are:

- ▶ asking for you to repay
- ▶ making arrangements for you to repay
- ▶ finding out why you have not repaid
- ▶ reviewing your repayment plan after an agreed time
- ▶ inspecting or recovering goods (if they have a right to do so).

Debt collectors are allowed to phone or meet you between 7:30am and 9pm on weekdays, and 9am to 9pm on weekends.

Debt collectors can only visit your home (or another agreed location) if they have no other way of contacting you.

If you can make arrangements with the debt collector to repay the amount you owe over the phone or by letter, there is no need for the debt collector to visit you in person.

Debt collectors should not:

- ▶ mislead you or deceive you
- ▶ harass or force you into paying
- ▶ go to your workplace unless you ask them to do so
- ▶ give information about your financial situation to others
- ▶ contact you by email, phone or letter more than three times a week
- ▶ contact you on national public holidays.

If you think you are not being treated right by a debt collector you can do a few things like contacting:

- ▶ your lender if you still owe them the money
- ▶ a free community legal centre
- ▶ the Australian Securities and Investments Commission on 1300 300 630 or the Australian Competition and Consumer Commission on 1300 302 502 to complain.

You can also call a Financial Information Service Officer on 13 23 00 who will help you better manage your use of credit.

It helps to keep a record of telephone conversations or meetings with debt collectors. To do this write down the time you spoke to the debt collector and the date. Also write down their name, company or business and their job title.

It is important to keep all original loan documents. Store all your documents together to avoid losing important information.



You can explain to your client that if they hear from a debt collector or get a legal or court notice, they can get free legal advice from their local community legal centre.

8: Debt

B: Managing your debt (continued)

Repayment plans

If you have not always made your repayments and you hear from a debt collector, you can still pay money off your debt with a repayment plan.

Debt collectors often agree to make the time you have to repay your debt longer. This means you make smaller repayments over a longer time.

Sometimes debt collectors agree to let you pay less than what you owe to solve the problem. They can do this if you pay as much as you can, in one amount. It is up to you to tell them what you are able to pay. They can then decide to accept this or not.

When deciding how much you can afford to repay, think about your living costs and other debts. Be honest about your financial commitments and how much you can repay.

Disagreeing with a debt

If you do not think a debt is yours you can say so. This is called disputing a debt. It means you let the lender know you do not think the debt is yours.

You need to ask your lender to show you why they think a debt is yours. This means the lender has to give you documents or account statements to prove you owe the money. This is the same if you think the amount you are being asked to pay is wrong.

If you are not sure, you can get help from a free community legal centre. More information about this can be found on Page # in the Key Contacts section.

It is the same with a debt collector. If you do not think a debt is yours, or if you think the amount the debt collector is asking for

is wrong, you can dispute this. The debt collector has to show you that the debt is yours (for example, show you account information or give you a copy of a contract). If the debt collector is acting on behalf of a creditor, they may refer your request to the creditor.

If you dispute a debt, the debt collector should stop contacting you until you get the information you have asked for showing the debt is yours. You have to be fair in what you ask for.

You can also call a free Financial Counsellor on 1800 007 007 to help you better manage your debt.

Activities and stories



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Level 3: *Peyman borrows to buy a new guitar*
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C: Help with managing your debt



Key messages

- ▶ If you are having problems paying your debt, speak to a free Financial Counsellor.
- ▶ Keep paying what you can and contact your lender as soon as possible.

Content for the worker

It is important to do something if you are having trouble making repayments on your debt. Do not ignore the problem.

The first thing to do is to contact your lender to let them know you are having problems paying. And keep paying what you can.

To help you manage your debt you can also contact a free Financial Counsellor.

Financial counsellors provide you with free, confidential and independent service. They can:

- ▶ help you organise your finances and do a budget
- ▶ suggest ways to improve your financial situation
- ▶ see if you can get government help
- ▶ negotiate repayment arrangements with your creditors
- ▶ explain your options and what they mean, including debt-recovery procedures, bankruptcy and other alternatives
- ▶ help you apply for a hardship variation
- ▶ refer you to other services (for example, family support, personal counselling, community legal aid or other problems like gambling).

Financial counsellors can also help you with these types of problems:

- ▶ debts you find hard to pay
- ▶ threatening letters or harassment by debt collectors
- ▶ debt recovery through the courts
- ▶ house eviction, disconnection of gas, electricity, phone etc.
- ▶ uninsured car accidents, taxation debts and unpaid fines.

For more information, visit

www.financialcounsellingaustralia.org.au or call 1800 007 007 to contact your free Financial Counsellor.

Hardship variation

If you are having problems paying back your credit because something has happened, you can contact your lender and ask for a hardship variation.

With this your lender can vary the terms of your loan contract for a while.

After you apply for a hardship variation, your lender must respond to your request in writing within 21 days after they have received all of your paperwork.

8: Debt

C: Help with managing your debt (continued)



You can tell your client that if their lender refuses their hardship application and they think this is unfair, they can complain to the lender's internal dispute resolution department.

If your client is still not happy, they can go to an external dispute resolution service.

This free service hears complaints and can help fix disputes. For more information, see the Key Contacts section of the kit.



Activities and stories



Level 2: *Jean rings a Financial Counsellor*
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Activities and stories

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8: Debt

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B: Managing your debt

Debt collection and the law



You can use this activity to help your client understand debt. This page has background information. The next two pages have the activity.

If you fall behind with your credit repayments and do not contact your lender, a debt collector will contact you.

A debt collector could be a lender collecting the debt themselves or a debt collection agency acting on a lender's behalf. Sometimes debts are sold and the buyer of the debts is the one doing the collecting.

Each state and territory determines what debt collectors can and cannot do. Generally, they should only contact you when they are:

- ▶ asking for you to repay
- ▶ making arrangements for you to repay
- ▶ finding out why you have not repaid
- ▶ reviewing your repayment plan after an agreed time
- ▶ inspecting or recovering goods (if they have a right to do so).

Debt collectors are allowed to phone or meet you between 7:30am and 9pm on weekdays, and 9am to 9pm on weekends.

Debt collectors can only visit your home (or another agreed location) if they have no other way of contacting you.

If you can make arrangements with the debt collector to repay the amount you owe over the phone or by letter, there is no need for the debt collector to visit you in person.

Debt collectors should not:

- ▶ mislead you or deceive you
- ▶ harass or force you into paying

- ▶ go to your workplace unless you ask them to do so
- ▶ give information about your financial situation to others
- ▶ contact you by email, phone or letter more than three times a week
- ▶ contact you on national public holidays.

If you think you are not being treated right by a debt collector you can do a few things like contacting:

- ▶ your lender if you still owe them the money
- ▶ a free Community Legal Centre
- ▶ the Australian Securities and Investments Commission on 1300 300 630 or the Australian Competition and Consumer Commission on 1300 302 502 to complain.

You can also call a free Financial Counsellor on 1800 007 007 who will help you better manage your debt.

It helps to keep a record of telephone conversations or meetings with debt collectors. To do this write down the time you spoke to the debt collector and the date. Also write down their name, company or business and their job title.

It is important to keep all original loan documents. Store all your documents together to avoid losing important information.



You can explain to your client that if they hear from a debt collector or get a legal or court notice, they can get free legal advice from their local community legal centre.

8: Debt

B: Managing your debt

Debt collection and the law (continued)

You can read the following statements with your client. They describe possible debt collection scenarios.

After you use this information with your client, move onto the activity below. Read each statement with your client, ask them the question that follows and check their understanding of the answer. The answers are on the next page.

1. Jenny has a debt for a loan. She never paid it. A debt collector comes to Jenny's house at 8am on a Saturday to ask her to pay the amount she owes.

 **Is the debt collector allowed to do this?**

2. Jenny contacts the Australian Securities and Investments Commission and reports misconduct from a debt collector because she thinks he is not following the law. And she thinks this means she does not have to pay the money she owes.

 **Does Jenny still have to pay her debt?**

3. Thomas receives a telephone call from a debt collector about an unpaid debt at 7.30am on a Tuesday. The debt collector asks him to pay the money he owes.

 **Is the debt collector allowed to do this?**

4. The debt collector calls Thomas again in the afternoon, and then another five times at different times in the week to ask Thomas to pay. The debt collector calls Thomas five times the following week too.

 **Is the debt collector allowed to do this?**

B: Managing your debt

Debt collection and the law (continued)

Answers

1. **No.**
The debt collector can only phone or meet you at certain times. They can only do so between 7:30am and 9pm on weekdays, and 9am to 9pm on weekends. Also, they are not allowed to phone or meet you on national public holidays.
2. **Yes.**
Jenny still has to pay her debt. The behaviour of a debt collector does not change this.
3. **Yes.**
The debt collector can phone or visit you between 7.30am and 9pm on weekdays and 9am to 9pm on weekends. They are not allowed to contact you on national public holidays.
4. **No.**
The debt collector cannot contact Thomas that many times in one week (unless Thomas agrees). The debt collector can only phone Thomas 3 times a week.



8: Debt

B: Managing your debt



End of level 2: check in with your client

Does your client understand the key points from today?

If they do not, you can go through the information again at another time.

If they do you can proceed to **Level 3** the next time you get together.



You can give your client the factsheet in their translated language to take home. Repetition is part of learning.

Has your client got a better understanding?

| Result | Next steps |
|--|---|
| Your client has a higher level of understanding – completely understands the concept of debt and has demonstrated their understanding. |  Great work!  You can give your client a copy of the translated factsheet in their language to take home. |
| Your client has some level of understanding of the concept of debt. |  You can help your client work through the Level 2 activities and stories again. |
| Your client has no or limited understanding of the concept of debt. |  You can watch the photo story and listen to the audio story again with your client. |

More information for your client



If your client does not think they are being treated right by a debt collector they can get free legal advice from a community legal centre. (Refer to Key Contacts section in the kit.)

You can also tell your client to phone the Australian Securities and Investments Commission on 1300 300 630 or the Australian Competition and Consumer Commission on 1300 302 502 to complain.

Reflection questions for workers

- ▶ What worked well today?
What did not work well?
- ▶ Did your client understand the key messages?
- ▶ How could the session have been more effective?
- ▶ Did the activities engage your client in the topic?
- ▶ What questions unexpectedly emerged and how did you handle them?
- ▶ What might you do differently next time?

B: Managing your debt

Lewis pays all his credit card debt



Level 2

Lewis wants to set up a small business selling his paintings at the local market. To get started he needs to buy paint, paint brushes and other things.

Lewis has no savings and uses his credit card to buy everything. He borrows \$1,200 on his credit card. He thinks that if he sells all his paintings he will be able to pay back what he owes on his credit card and make extra money.

At the market Lewis sold only some paintings. He made only \$720. Lewis knew this was not enough money to pay back all of his credit card debt. He also needed some of the money he made at the local market to buy some more paint. Lewis did not know what to do.



Later that night Lewis's friend Reon visits him. Reon asked Lewis how the market was. Lewis explained he did not make enough money to pay all the money he owed on his credit card.

Reon told Lewis that the best way to manage debt is to do a budget. Reon said this would help Lewis know how much debt he had and how much he could pay off. Then Lewis would know how long it would take to pay off his debt.

Reon wrote down Lewis's income from the market. Then Reon wrote down all the things that Lewis had to pay for including paint, paint brushes, his rent at the market and also his monthly repayments on his credit card.



What could Lewis do if he sold all his paintings at the market and made more money?

If this happens Lewis could put more money towards paying off his credit card debt and pay it back faster.

Now Lewis feels in control. He knows how much he will pay each month to pay off his credit card debt. Lewis worked out that in 3 months he would have no debt.

8: Debt

B: Managing your debt



End of level 2: check in with your client

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More information for your client



If your client is having problems managing their debt you can tell them to contact a free Financial Counsellor. They can find a free Financial Counsellor in their area by visiting the MoneySmart website, www.moneySMART.gov.au, or calling 1800 007 007.

For more information about managing debt you can tell your client to visit the MoneySmart website, www.moneySMART.gov.au, or call 1300 300 630.

Reflection questions for workers

- ▶ What worked well today? What did not work well?
- ▶ Did your client understand the key messages?
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- ▶ What might you do differently next time?

B. Managing your debt

Josef stops paying his car loan



Level 2

Josef has a car loan from a bank. He had been making all his car loan repayments until he lost his job. Josef had used all his savings for his car repayments so could not continue to make the repayments.

Josef did not want to let the bank know he was having money problems because he did not want them to know he had lost his job. He thought if the bank knew this they would come and take his car away.

Josef asked his friend Paul, who worked for another bank, what he should do.

Paul told Josef he could do two things:

1. He could contact his bank and let the bank know about his short-term situation. They might vary his loan contract.
2. He could contact a free Financial Counsellor and ask the counsellor to contact Josef's bank and make a temporary arrangement until Josef gets a new job.

What do you think Josef did?

Josef decided to see a free Financial Counsellor. He looked on the MoneySmart website to find one near where he lived.

Josef was nervous about seeing the Financial Counsellor. He was upset that he had money problems. There was no need for this. When Josef met Brian, the Financial Counsellor, he felt much better.

Brian explained that anyone could have money problems if their situation changes. Brian explained this can happen when people lose their job, have relationship problems, get injured or get sick.

Brian called the bank for Josef and explained the situation. The bank agreed to help by allowing Josef to not make any payments for two months. The bank said Josef could catch up with his payments when he found a new job.

One month later Josef rang Brian to let him know he had a new job and could start making his car loan repayments again. Brian contacted the bank to say that Josef would be making payments again.

What could you do if you had money problems?



8: Debt

B. Managing your debt



End of level 2: check in with your client

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B: Managing your debt

Peyman borrows to buy a new guitar



Level 3

Peyman is worrying about how to pay his bills because he bought a new guitar. Peyman is a member of his church band and his other guitar was old and needed to be fixed. He sees an ad that says 'Get a same-day payday loan' and applies for it.

Peyman checks and sees that \$450 was transferred into his account the same day. He knows he is supposed to pay the loan back in 25 days in 5 payments of \$110 each.

? How much debt does Peyman owe? What things should he have thought about before taking out this loan?

Peyman realises he should have thought about if he could manage to pay back the loan. He knows he owes \$550, which includes the \$450 loan and \$100 in fees, charges and interest. He should have known he would be charged high interest to get the loan so quickly.

Peyman should also have looked at the terms of the loan more closely to understand the late fee charges he would have to pay if he did not make each payment on time.

Over the next few weeks Peyman needs to pay for some other things like his phone bill. And he has to buy a birthday present for his friend. Peyman does not pay back the \$450 debt.

? What do you think happens?

Peyman is charged a \$40 late fee each time he misses a payment. This is added to the amount of the loan. After 4 weeks his debt is a lot more – \$750.

Peyman is worried because he knows the more money he owes the more interest he will have to pay.

He also knows he may have legal problems if he does not pay his debt. Peyman thinks about taking out another loan to pay this one off. But he realises this would not help. It would just make things worse.

? Why do you think Peyman thinks this?

Peyman decides it is not a good idea to get another loan because he will only be putting his debt from one loan to another loan. He does not know what to do and so asks his parents for help. He knows his parents will be disappointed in what he has done. Peyman has learned his lesson.

? What do you think Peyman has learned?

Peyman has learned that:

- ▶ there are more costs with instant loans
- ▶ he needs to understand the terms of a loan before he signs it
- ▶ he needs to make better decisions about what to buy and when
- ▶ he should do a budget so he knows what other expenses he has to pay.



8: Debt

B: Managing your debt

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C: Help with managing your debt

Jean rings a Financial Counsellor



Level 2

Jean goes to a women's sewing group at her local neighbourhood house. She has made some good friends there. She goes once a week when she is not working part-time as a nurse. Jean works because she has to look after her children.

While at the neighbourhood house Jean sees a leaflet. The leaflet is about getting help with money problems and managing debt. Jean has just paid for her children to attend the school camp and knows her electricity and phone bill are due next week.

The leaflet said to ring a free Financial Counsellor. Jean called the number and speaks to Angelique, a Financial Counsellor.

This is how the conversation goes.

- Angelique** A Financial Counsellor helps people who have money problems. Sometimes things happen in people's lives that affect their financial situation. Like if you lose your job, get sick or have relationship problems. It could also be just that things are getting more expensive and your wage is not going up at the same rate.
- Jean** What sort of things can you help with?
Do you lend money?
- Angelique** No we do not lend money.
We help you make a budget. And we help you make a plan for paying back money you owe.
We also help you claim concessions you can get.
- Jean** What are concessions?
- Angelique** Good question. Concessions are for people on a low income. They are a discount on some things. For example, in winter people on a low income can claim a reduction off their heating bills.
- Jean** What else do Financial Counsellors do?
- Angelique** We know that money problems can cause stress. We try to take the stress away by helping you in different ways. This includes doing things for you. For example, we look at your money situation. Then we tell you what you can do – what your options are. We also help you make a plan and help you follow the plan.
We also tell you where to go for more help.
- Jean** Like where?
- Angelique** Well if you have legal problems because you have not paid your money back in time we can tell you about a free community legal service. And if you are feeling upset about your money problems we can get you other help.

8: Debt

C: Help with managing your debt

Jean rings a Financial Counsellor *(continued)*

Jean How much do you charge?

Angelique Nothing. Our service is free because we are a community service.

Our service is also confidential which means we do not tell other people about your situation. So you can feel comfortable coming to us.

Jean Can I make an appointment?

Angelique Yes. You can come and see me next Wednesday at 10am. Is that okay?

Jean Yes. That is a good time because I will have dropped the children off to school by then?

Angelique Can you bring in all your bills and any letters you have received about your money situation?

Thanks, and I will see you next week.

Jean was happy after speaking to Angelique. Angelique was very kind and helpful.



Can you remember some of the things that a free Financial Counsellor can help with?



C: Help with managing your debt

 End of level 2: check in with your client

Does your client understand the key points from today? If they are not at this stage yet, you can go through this information again at another time.



You may want to give your client the factsheet in their translated language to take home. Repetition is part of learning.

Has your client got a better understanding?

| Result | Next steps |
|--|--|
| Your client has a higher level of understanding – completely understands the concept of debt and has demonstrated their understanding. |  Great work!  You can give your client a copy of the translated factsheet in their language to take home. |
| Your client has some level of understanding of the concept of debt. |  You can help your client work through the Level 2 activities and stories again. |
| Your client has no or limited understanding of the concept of debt. |  You can watch the photo story and listen to the audio story again with your client. |

More information for your client



If you have problems managing your debt contact a free Financial Counsellor, you can find a free Financial Counsellor in your area on www.moneysmart.gov.au or call 1800 007 007.

Reflection questions for workers

- ▶ What worked well today?
What did not work well?
- ▶ Did your client understand the key messages?
- ▶ How could the session have been more effective?
- ▶ Did the activities engage your client in the topic?
- ▶ What questions unexpectedly emerged and how did you handle them?
- ▶ What might you do differently next time?

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Glossary

| | |
|-----------------------------|---|
| Asset | Something you own, like your house or car. |
| Borrow | When you take and use (money) from a person or bank under an agreement to pay it back later. |
| Budget | A written plan that helps you work out how much money you have coming in and what you need to spend it on. A budget helps you keep track of what you are spending. |
| Car loan | A loan to buy a new or used car. You cannot use the money you borrow for anything else. |
| Credit | Money you borrow that you have to pay back. It lets you get goods or services before you pay for them in full. |
| Credit provider | See Lender. |
| Debt | Money you owe and need to pay back. |
| Debt collector | A person who collects debt from people who owe money. If you fall behind with your credit repayments and do not contact your lender, a debt collector may contact you. |
| Financial Counsellor | A Financial Counsellor provides free, confidential and independent help with your finances. |
| Hardship variation | When you are having problems paying back your credit because something has happened, you can contact your lender and ask them to vary the terms of your loan contract for a while. You can ask for a hardship variation if, for example, if you lose your job or get sick for a period of time. |
| Home loan | A loan to buy property or a home. It cannot be used to buy anything else. |
| Lender | An organisation that you enter into a credit agreement with. |
| Repayment | A regular amount of money you pay back for a loan (including the amount of money you borrow, interest, fees and charges). |
| Secured loan | A loan backed by an asset. An asset is something you own, like your house or car. With a secured car loan your lender can use your car as security. If you do not pay your loan the lender can sell your car to get their money back. |

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