

Media Release

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Expected higher debt levels cause for concern

Retirement Commissioner Diana Crossan says a survey that shows young people are turning to credit to pay their bills is worrying.

The latest Consumer Credit Expectations Survey from credit reporting agency Dun and Bradstreet shows high income households are seeking to rein in their debt. But low income households and younger people are anticipating higher debt levels in the months ahead.

"Debt is easy to get into but much harder to get out of especially in the current financial climate. It's important that people know the full cost of the debt they're taking on because borrowing money comes at a price," Diana Crossan said.

The Retirement Commission has added new information to sorted.org.nz to help people manage their debt. This includes a section on the credit histories that are held by credit reporting agencies, and how people can check what's recorded on theirs.

"People don't always understand the implications of failing to manage their debts properly," Diana Crossan said.

"If you miss a debt repayment it can have a negative impact on your credit history and affect your ability to borrow in the future."

Diana Crossan says people's personal credit status can have a far-reaching effect on their lives, not only when they're borrowing or buying but also when they're trying to rent a house or apply for a job.

Employers are entitled to check on a job seeker's personal credit history and a 'clean' credit record may be an increasingly important asset in the tightening job market.

"If you get into trouble with your debts there are two rules - one, try not to miss a repayment, and two, let your lender know as soon as possible. They may be able to work with you to sort out a repayment plan," Diana Crossan said.

"But the best thing is to try and avoid debt in the first place by doing a budget to manage your expenses."

More information about managing debt, and calculators to help people get out of debt, are available on the Sorted website. You can also order a free copy of the Sorted booklet, *Managing debt*, by calling 0800 SORT MONEY (0800 767 866) or online at www.sorted.org.nz/ordering.

Note: See below tips for managing debt.

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Tips for managing debt

- Think before you take on more debt - it's easy to get into and hard to get out of.
- Know the full cost of getting into debt - use Sorted's Get into Debt calculator to find out the total interest you'll pay by the time you pay off a loan - <http://www.sorted.org.nz/calculators/get-into-debt/>
- Keep up to date with debt repayments.
- Talk to your lender if you think you're going to struggle to make a repayment. They may be willing to amend your repayment plan.
- Get help before you get swamped. Call a trained budget adviser from the NZ Federation of Family Budgeting Services on 0508 BUDGET (0508 283 438).
- Check that your credit record is correct. You can ask for a copy of credit information held on you by contacting either of the main credit reporting agencies - Veda Advantage (formerly Baycorp) and Dun and Bradstreet.

(Source: www.sorted.org.nz)