Fidelity INTERNATIONAL WORKPLACE PENSIONS

Debt:
Five steps to becoming a better borrower

Better borrowing starts with you. To maintain a healthy attitude to money it's important to take a holistic view of your finances.

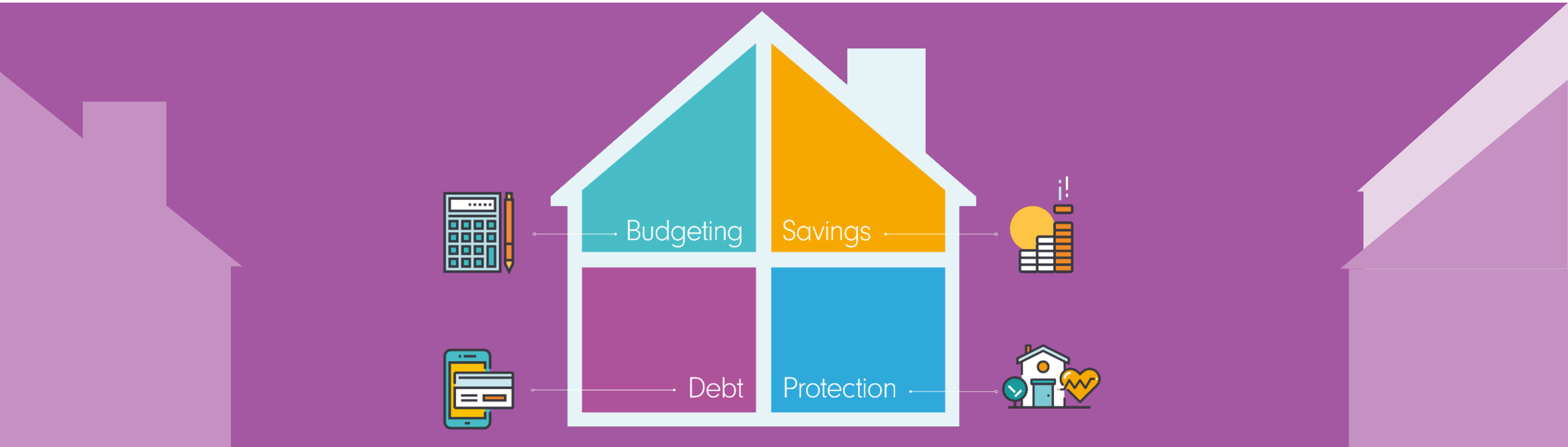
1. Know what you can afford

Be honest with yourself about how much you owe and where your money goes.

Make a note of your take-home pay, after tax, national insurance and so on has been deducted, then offset that against your regular outgoings. Include rent/mortgage, council tax, utility bills, insurance premiums, phone/broadband bills, school fees and any other recurring expenses.

Also include variables such as food and drink, travel costs, going out, clothes and grooming and special occasions like birthdays. Don't forget to add credit card balances, personal loans or any other forms of loan or hire purchase agreement that you've got too.

You will soon get a good idea of whether you're spending within your means (i.e. you have some cash left after everything has been paid for) or you're living way beyond your means (i.e. you don't).



2. Monitor your repayments

Now that you've seen how much of your income goes on repaying debts you already have, see what you can do to clear them more quickly. If you can pay more, do so.

If you're earning less and overstretching yourself, then reduce it accordingly. But make sure you review this as soon as your earnings go back up, so you keep your repayment plan on track.

3. Check balance transfer rules

If you jumped on the 0% credit card bandwagon make sure you play the game properly, or you could end up paying a hefty price. While shifting your borrowing to a 0% card is sensible, you have to stay ahead of the game to make sure you don't fall into the debt trap.

Make sure you pay off the balance before the 0% rate comes to an end. Otherwise you'll spend months, if not years, and potentially pay hundreds or even thousands of pounds paying it off over that time.

4. Regularly review your finances

Remember the palaver when you were taking out your mortgage? All the endless research you carried out in order to decide which lender was better, whether to opt for a fixed rate or tracker, and how you'd cope with a 0.25%, 0.5% or 0.75% interest rate hike? While you might breathe a sigh of relief now those days are over, you shouldn't turn your back on the whole world of mortgages.

Similarly, check that your credit card, current account or personal loan is competitive. If its not consider switching providers. It might be a chore, but regularly reviewing your borrowing is crucial. If you can trim a grand off your mortgage payments, reduce your credit card balance or pay off your loan sooner, it's time well spent.

5. Seek help

Debts don't go away if you ignore them, but they can become a bigger problem, so it is important that you take action. Speak up at the first sign of a problem. You can get free and impartial advice from the Government's Money Helper website.

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