Money Matters:

Reducing Debt Without the Overwhelm

Financial wellbeing isn't just about how much you earn, it's also about how much you carry. Debt is a natural consequence of life, many people rely on debt to fund essential purchases like housing, cars, or spread the cost of everyday items through services like Buy Now Pay Later.

When debt feels unmanageable it can affect your confidence, decision making and your overall sense of control. Debt can also create feelings of shame and isolation, reducing this stigma is a crucial first step. Debt is something to navigate, not a personal failing.

This second article in the Money Matters series focuses on something many people avoid talking about, but nearly everyone experiences at some point, the need to reduce debt. With clarity and the right structure, over time debt can move from something that feels heavy and constant, to something that feels manageable building your confidence and sense of control over your financial wellbeing.

Start with clarity

This step can feel uncomfortable, once you see the full picture though, you can choose a strategy that works best for you.

- List all debts (credit cards, personal loans, car loans, fines etc.)
- Note the balance, interest rate, and minimum repayment for each
- Identify what feels most stressful or unmanageable

A note on Buy Now Pay Later (BNPL): these services can make it easy to build up multiple small debts that feel manageable on their own, but quickly add up and reduce your available income, particularly when repayments overlap. If you're using BNPL, include these balances in your overall debt list and prioritise clearing them alongside other commitments.

Common Debt Reduction Strategies

There is no single "best" approach. The right strategy depends on your situation, your motivation, and what helps you stay consistent.

1 The Debt Snowball

This method focuses on building momentum.

- Pay off your smallest debt first, regardless of interest rate
- Continue making minimum repayments on all other debts
- Once the smallest debt is cleared, roll that payment into the next smallest

Why it works and things to consider:
It creates quick wins. Seeing debts disappear can be motivating, especially when you are starting out or feeling overwhelmed. You may pay slightly more interest over time, but for many people, the momentum is what keeps them going.

2 The Debt Avalanche

This method focuses on reducing the cost of debt.

- Pay off the debt with the highest interest rate first
- Continue minimum repayments on all other debts
- Once cleared, move to the next highest interest rate

Why it works and things to consider:
You reduce the total interest paid over time, which can mean becoming debt-free sooner. Progress can feel slower at the beginning if higher-interest debts also have larger balances.

3 A Balanced Approach

For many people, a combination of both approaches works best.

- Start by paying off one or two smaller debts to create momentum
- Then shift focus to higher-interest debts to reduce long-term cost
- Adjust depending on what keeps you engaged and consistent

This approach recognises both the emotional and practical sides of money. Reducing debt is not just a maths problem, it is a behavioural one.

Making Your Strategy Work in Real Life

Debt reduction doesn't happen in isolation it sits within your life, work patterns and pressures.

Link it to your budget
Your debt strategy should connect directly to your existing budgeting structure. Even small, consistent payments above the minimum can make a meaningful difference over time.

Create automation where possible
Setting up automatic payments reduces decision fatigue and helps ensure consistency, especially during busy or high-pressure periods.

Build in flexibility
There will be weeks where expenses increase or priorities shift. Rather than abandoning your plan, adjust temporarily and return to it when things stabilise.

Progress over perfection
Debt reduction is rarely linear. There will be periods of faster progress, and periods where things feel slower or more difficult.

What matters is:

- Staying engaged with your plan
- Making intentional decisions where you can
- Recognising progress, even when it feels small

Over time, consistency compounds. What feels like a slow shift in the moment often becomes a significant change when viewed over months or years.

Support and Resources

If debt feels overwhelming, support is available and seeking it early can make a meaningful difference.

- The **National Debt Helpline (1800 007 007)** offers free, independent financial counselling
- Financial counsellors can help you prioritise debts, negotiate with creditors, and build a manageable plan

In the final article of the Money Matters series, the focus will shift to **building financial resilience**, including emergency savings, long-term planning, and creating a financial buffer that supports both expected and unexpected life events.