



Divine Planning Abundant Profits

C O R E



Clearing Debt

Implementation
Revenue Plan Week two





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With Joanna Hunter

Reducing and Clearing Debt

A warm welcome! Let's have an honest conversation about debt. Debt and I are no strangers, I carried much shame around this subject for many years—feeling the weight of debt was almost like a psychological millstone around my neck, dragging me down until I became debt FREE in 2008.

Debt can take up a lot of bandwidth in your mind, so clearing it is important to free up that bandwidth for your business and life.

PLEASE NOTE: In this guide I will give you my pointers on paying down debt. This is only my opinion, personal experience and in no way is to be taken over expert financial advice. Any advice you follow here is on you!

The Steps

1

Understanding this will be a mental mindset journey just as much as it will be an external journey of debt reduction.

2

You need the courage to face exactly how much debt you're in – this step SUCKS. Write it all down. It's totally normal to feel overwhelmed and even cry, but know that owning up to the facts is also the key to changing them. It starts with ownership of the situation.

3

Stopping more debt building. This is essential. Time to make some tough phone calls to tell your creditors that you are in financial difficulty. Ask them to stop interest payments, this can freeze the debt and stop it from getting bigger.

4

Having a plan for debt reduction. You can only create a plan when you can see what's coming in, what debt you have and monthly expenses you need to cover.



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The Plan

Creating your debt-free plan: You need to be clear on your debt. The first step is to know how much you owe and the next step is to separate your debt into pressing debt (this is the debt that has high-interest rates) and non-pressing debt (this has no interest or extremely low rates of interest). Once this has been established, contact your creditors and ask if they can freeze your interest on all debt, starting with the pressing debt. At the same time ask what is the lowest amount of repayment they will accept, I reduced over £900 of monthly payments to £55 a month! So much pressure was taken off me.

Now you might be thinking it's going to take forever to pay things off but here's how you will deal with it. Next, arrange your debt in ascending order largest, most pressing first, to smallest, less pressing last. Making the arrangements to pay the bare minimum for every debt was a key step in reducing my debt. By paying the bare minimum, this freed up some extra monies. You will use this money to plow into the largest most pressing debt- only the top one. Each month pay as much as you can on this largest debt until it's cleared. Then repeat with the next largest and most pressing debt and keep going like this, clearing one lot at a time until it's cleared. Then repeat with the next largest and most pressing debt and keep going like this, clearing one lot at a time.

It's surprising how much momentum you will build, all the debt is taken care of with tiny payments, extra funds diverted to clearing the largest, as each of those bigger debts get reduced, you free more and more money to pay to the smaller debts. Success breeds success - smashing the biggest debt first set me up for success.

In the UK, creditors are obliged to help you if you tell them you are in financial difficulty, they have to accept a payment you offer, and your willingness to pay can halt legal proceedings.

You've got this and it can be done.



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Reducing and Clearing Debt

The Plan - Facing The Debt

List all credit card debt

Store cards debt

Loans & student loans debt

Car loans

House mortgage or debt

Debt to family or friends

- Separate your debt from pressing debt (this is the debt that has high-interest rates) and non-pressing debt (this has no interest or extremely low rate of interest).
- Then place the debt in descending order in two columns, the pressing debt with the largest amount owed at the top of the list going to smallest. We will do the same for non-pressing debt too over the page.



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The Plan - Facing The Debt

Pressing Debt
Highest to lowest

Non- Pressing debt
Highest to lowest

- Once this has been established, contact your creditors and ask if they can freeze your interest on all debts, starting with the pressing debt. At the same time, ask what is the lowest amount of repayment they will accept.
- Having made the arrangements to paying the bare minimum for every debt- this frees up some extra monies, you will use this 'extra' money to plow into the largest most pressing debt- only the top one, until it's cleared, then moving to the next pressing and so forth.



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Top Tips

- Ask your creditors if they will take a settlement amount- this can sometimes reduce debt by hundreds or even thousands. I have heard of debts being reduced by as much as 75% - it's one of those cases where if you don't ask you don't get.
- Speak to your creditors - don't hide from them. Be honest and explain your situation, many can actually help you. At first, I made the mistake of not telling them my situation, this added much unnecessary stress.
- Own the shame you might feel around your debt- the shame itself will often keep you stuck in a cycle of debt for longer than you need to be. This was true for me.
- Bankruptcy is an option, especially if you have unsecured debt (that's debt not secured on your home). Take expert financial advice on this.
- Become willing to look at every aspect of your life style, we discovered £100's going out on unnecessary stuff like our Sky subscription no one watched. We saved hundreds by changing phone providers, internet providers and other utilities -maybe you can too. Claiming PPI back was great too!
- Mindset helped loads -I made a point of looking in my bank account every day and saying thank you. I opened my wallet every day and would say thank you I have enough for today. I worked hard not to make lack of money the "enemy" in my mindset. I used a gratitude journal to bring more of what I wanted into my life. What you focus on expands, so I choose to focus on the abundance I had and my ability to pay.

This guide is only my opinion and the method I used to help myself and is in no way to be taken over expert financial advice.

In 2006 I was 120k in personal debt that didn't include our mortgage, I have been debt free since 2008 by implementing, the above plan for myself.

Results are not guaranteed. Please seek professional financial advice should you need it.