

## personal finance | managing your money

# Clearing your holiday debts

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KUALA LUMPUR: It's no secret that the year-end season is a very lucrative one for retailers but often burdensome for the consumer.

Mohamed Akwal Sultan, chief executive officer of Credit Counseling and Debt Management Agency (AKPK), notes that individuals seeking AKPK's assistance tend to escalate post festive seasons, annual and public holidays as well as commencement of schools and tertiary institutions.

So how do you clear credit card

debts accumulated during a series of year-end celebrations like Christmas and New Year?

Firstly make sure you can meet your obligations. Richie Ooi Chin Ann, Great Vision's financial adviser, reckons that for salaried employees, the most effective way is to plan your repayment in such a way that allows you to fork out a fixed amount of instalment that matches your financial strength.

Keep in mind that savings achieved from discounts during the sale season will be negated if you have to pay interest charges on your

purchases for a prolonged period. So if debts are dragging you down, try and free up cash by budgeting well and keeping tabs on every single ringgit you spend.

"It pays to establish expenses that can be deferred to settle debt commitments first," said AKPK's Mohamed Akwal. Chong Sui Wei, a licensed financial planner of Wealth Concepts Consultancy, said greater savings will allow a higher proportion of your salary to be allocated to the payment of credit card debts. Meanwhile, you can also avoid charging anymore to the card until the current debts are settled.

Next, look out for ways to boost your income. In particular, if you are self-employed or fall in the commission-earning category, you may work harder to earn more and settle the debts earlier, Ooi suggested.

To reduce interest charges, another way would be to sign up for a balance transfer programme while the credit card debts are paid down as quickly as possible, said Chong.

"Depending on the amount of debts accumulated, it may be worthwhile to convert the debts into a personal term loan to enjoy lower interest rates," she said.