

'I Was R95 0000 in Debt.'

Here's How I Paid It Off in Three Years'



Capetonian Marnita Oppermann may be an accountant, but that didn't help her with her personal finances, which spiralled out of control. Here's how she got her money back on track – and how you can, too

AS TOLD TO JAIME WADDINGTON

'I was 20 when I got my first taste for easy money,' says Oppermann. 'It was 2006, and I was working part-time as a nanny while finishing my business degree in London. I was earning £600 (about R10 500) a month, which didn't get me far. The friends I met were going out and travelling all the time, and seemed to have no problem affording it all. I'd never had a credit card before but all my friends had one and told me how easy it was. So I went to a bank and was offered a credit card on the spot. "That's it?" I thought. All I had to do was fill out a form. That's how it all began.'

'No more FOMO! I used the card for travel, entertainment, clothing. After three months, I'd maxed it out – so I applied for another one, and then another one. I know what you're thinking – silly – but all my friends were doing it. We'd max out one, then pay the minimum payment with another one.'

'In 2013, I decided to move back to South Africa. I had five credit cards and £3 000 pounds (about R52 000) of debt. My aunt (with whom I was living in London) helped me pay off my debt before I moved back home. You'd think this would have taught me a lesson – but far from it. Back in Cape Town, I was employed as an accountant at a top firm, but the salary was never enough. I thought that earning more would prevent me from ending up in the same situation. But the more I earned, the more I spent.'

'After a few years, I'd bought a new car, had R3400 in store-card debt and an overdraft of R10 000, and maxed out my credit card at R33 000. You're probably thinking, "An accountant is supposed to be good with numbers." I'm not good with numbers: I'm *great* with numbers. But dealing with other people's finances was different from dealing with my own. I could assess someone else's situation, determine what the problems were and advise them what to do. My own finances had nothing to do with numbers and everything to do with emotions.'

'Over time, I began to struggle to meet my payments. I'd get my salary – and by the fifth of the month there would be no money left in my account, so I'd go back into overdraft and use up all of my credit to get by. The interest on my credit card was killing me – so I decided to go to the bank to try to find a solution. I wanted them to save me.'

'The woman I spoke to at the bank advised me to get a revolving loan of R31 000 and use that money to pay off my credit card. I took her at her word and transferred all of my credit-card debt into a revolving loan. Only after I'd transferred my money did I do a little research: I discovered the revolving loan's interest (22%) was higher than my credit card's interest (21%). Three months later, I maxed out the loan *and* my credit card: I'd almost doubled my debt to R77 400. I was angry at the woman for suggesting this solution to me, but the truth was I was in such a debt fog, I didn't bother to ask the questions I should have about repayments and interest.'

'In May 2015, I was having sleepless nights about my debt. I needed to do something drastic, so I applied for debt review. I was so ashamed that I didn't tell my family or my friends. I know now that there were many options for me other than debt counselling.'

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Want a comprehensive guide on how to deal with debt?

Sign up for Oppermann's 'Debt Must Fall' online course. The first 50 COSMO readers to sign up will receive a wallet custom-made by the women's NPO Yes We Can.

Don't get me wrong: debt review can be a life-saver – but it should be a last resort.

'The debt-review process was introduced in 2007 with the National Credit Act, and is intended to assist people struggling with debt. It's like being in debt rehab. You're assigned a debt counsellor who works out how much you need to live on, then negotiates with your credit providers to reduce your monthly minimal payments and interest rates. Another pro is that no legal action can be taken against you while you're undergoing debt counselling. However, the cons are that you have a court order against your name and have zero access to credit during this process, making finding a place to live, getting a phone contract or renting a car nearly impossible. This is only lifted once the debt-review process is completed, which can take years.'

'I thought the debt counsellor was going to guide *me* – but they took me out of the equation. I wasn't involved in the process of learning to handle my debt. It didn't help me get to the root of my problem: my relationship with money. Because the debt-review process wasn't getting to the core of my issues with money, what I did next is hardly surprising: I loaned R18 000 from a friend. ▶



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More debt! While there's usually no interest when borrowing from friends and family, there's always emotional interest. I now owed a total of R95 400 to friends, family and debtors.

'I wanted a better life for myself – one of abundance, where I could create a legacy and not be a liability to those around me. That's when my money transformation began – with the decision that I could no longer wait for someone to rescue me. I had to save myself.

'I cut up all my cards. After a lot of research, I discovered a debt-repayment strategy

called the Debt Snowball Method, made famous by the author Dave Ramsey, where you pay off debts in a specific order – smallest to largest. A financial adviser once told me it made sense to get rid of bigger debt first because of the high interest rate, but tackling the smallest first and paying it off is an emotional win. You gain momentum as each balance is paid off, which motivates you to carry on.

'I made a list of my debts and tackled them one by one. I started with store cards and overdraft. I set aside money to pay that off every month;

once it was paid off, I used that amount (plus a bit extra) to pay off my next-smallest debt. It took me four months to pay off my store cards and overdraft (R13 400).

I then moved on to the personal loan from my friend (R18 000), which took me eight months. From there, I cleared my revolving loan (R31 000), which took a further 15 months; and finally, my credit card (R33 000) over seven months. Over this time, I lost 40kg and came clean with my family and friends about my debt – and I saved up

enough money to quit my job to become a money coach.

'Today, after three years, my debt of R95 400 is paid off. I'm now a certified money coach, and I have helped many people who have fallen into the debt trap. I've discovered my life's purpose: to help people make a money change. Just like any good relationship, our relationship with money should be one of mutual respect and understanding. I now see money in a different light: not as my enemy but as a partner who supports me in my life journey.' ■

6 Steps to Getting Out of Debt

Crib Oppermann's tips to help get your bank account back in the positive

1 Be honest with yourself.

'You may be overwhelmed by the amount of debt you have, or afraid to see exactly how much you owe. The first step to change is awareness. Face your debt. Stop using more credit, and make a commitment to living a debt-free life. Make a list of your debt, of what each interest rate is, and the minimum repayment required of each. Organise these from smallest to largest amount owed.'

2 Go on a spending diet.

'List all your fixed monthly bills (such as rent and insurance), then your discretionary spending (like groceries and entertainment). Give your budget a spring-cleaning. Do you have unnecessary expenses? Be strict with yourself.

Prioritise what's important and eliminate things that don't add value to your life.'

3 Create a strategy.

'Remember when I said you should list your debt from smallest to largest? It comes in handy when you use the Debt Snowball Method, focusing on paying off your smallest debt first and progressing to higher amounts. If you start with your largest debt, such as a student loan, you won't see an effect for a while. When you ditch small debt first, you see progress and get a confidence boost. By the time you're paying off bigger debt, you have so much more cash freed up that it creates a debt snowball.'

The Snowball Method Breakdown

1 List your debt from smallest to largest.

2 Make minimum payments on all your debt except the smallest.

3 Pay as much as possible on your smallest debt.

4 Repeat until each debt is paid in full.

For example:

- 1 R3 000 store card (R300 payment)
- 2 R20 000 credit card debt (R360 payment)
- 3 R80 000 car loan (R1 500 payment)
- 4 R100 000 student loan (R11 500 payment)

4 Create a buffer fund.

'Once you've figured out how much money you'll need to pay off your debts, create a savings account that's devoted solely to that task. If you need money urgently (for example, to replace your car battery) you don't want to resort to increasing your debt.

Starting a buffer fund will help you become your own line of credit. Set up a direct deposit to deduct an amount of money from your salary and move it to that account with each pay cycle (even if you start with R100 per month).'

5 Find a side hustle.

'This is a great way to give your account ad hoc injections. Whatever your skills, there's someone on the Internet willing to pay for them – and sites such as *Fiverr.com* and *Freelancer.co.za* will connect you with these people. If you can spare weekends, you can become a house- or pet-sitter via sites such as *Occupied.co.za*.'

6 Treat yourself.

'When you receive your salary or a lump sum of

money, such as a bonus or a tax refund, don't put it all into your debt. It sounds crazy, but it isn't. Depriving yourself of small pleasures can make you less likely to stick to bigger savings goals. Put some into your debt (clear your past), some into your buffer fund (prepare for the future) and spend some of it on yourself (live in the present). Putting money towards something that makes you happy will make all the difference in becoming debt-free.'

Win

one of 10 copies of Oppermann's book, **The Money Code And How To Crack It!**

Head to Cosmopolitan.co.za or scan the QR code to take the Money Quiz and enter.



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