



LET'S TALK ABOUT

DEBT CONSOLIDATION

IN SOUTH AFRICA

BY PREMIER FINANCE

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INTRODUCTION

YOU CAN TAKE CONTROL OF YOUR FINANCES TODAY AND CREATE A LIFE OF ABUNDANCE AND POSSIBILITY - BECAUSE WHEN YOU UNDERSTAND YOUR MONEY, YOU CAN ACHIEVE YOUR DREAMS.

Managing multiple debt payments can feel overwhelming. Debt consolidation offers a way to simplify your financial obligations by combining various debts into one manageable monthly payment. However, not all debt consolidation methods are the same, and the option that works best for you will depend on your financial situation, including your credit score and current affordability.

In this guide, we explain two debt consolidation methods available in South Africa: a debt consolidation loan and debt consolidation for low score clients. By understanding the differences between these options, you can make an informed decision that helps you take control of your financial future.

Debt consolidation for every South African

Whether you have an excellent credit history, or you've experienced financial difficulties, there's a debt consolidation option for you. The method you choose will depend largely on your credit score and affordability at the time of applying. both options can provide relief, but they work in different ways.

ABOUT PREMIER FINANCE



Meet Judy Hayes **Premier Finance CEO**

Since 2015, Premier Finance has been a trusted resource for helping individuals secure finance. We assist clients with good credit scores in qualifying for loans quickly, while also specializing in rehabilitating those with poor credit. Our goal is to help people improve their credit records so they can qualify for finance in the future.

Led by Judy Hayes, an experienced finance consultant, Premier Finance offers access to vetted lenders, ensuring clients receive safe and reliable solutions. We provide financial wellness tools to help clients take control of their finances and avoid scams in the digital age.



CHAPTER I

THE DEBT CONSOLIDATION LOAN

Debt consolidation loans are designed for clients who have been managing their debt responsibly and want to free up some room in their budget. For example, you might want to consolidate your debt if you're planning a significant life event, like buying a house, starting a family, or launching a business. By reducing the number of payments and only having one consolidated payment, you can create some breathing room in your budget for these new goals.

A debt consolidation loan is not suited for individuals experiencing financial difficulties or those who are in arrears with their debt payments.

A debt consolidation loan is a solution for consumers with good credit and stable financial standing. This option allows you to combine all your existing debts into a new loan, which you will repay over a fixed term. The goal is to streamline your payments and reduce the pressure of managing multiple creditors, while potentially lowering your monthly repayment amount.

- Maximum Loan Amount: R350 000
- Repayment Period: Up to 72 months (6 years)
- Interest Rate: Typically above 25% per annum

Qualifying Criteria

- Minimum Salary: You must earn at least R7 500 per month.
- Self-employed Clients: Can qualify if they pay themselves a salary into a personal account and provide payslips.
- Credit Score: You must have a minimum score of 592.
- Age: Applicants must be at least 18 years old, and the loan must be fully repaid before they turn 60. This means the loan term cannot extend beyond the applicant's 59th birthday.
- Citizenship: Only South African citizens or permanent residents qualify.
- Salary Frequency: Monthly salary payments are required.
- Employment: Full-time employees qualify, and contract workers can apply, provided the loan repayment term ends at least 6 months before their contract expires.



CHAPTER I

THE DEBT CONSOLIDATION LOAN

- **Affordability:** Your debt repayments, after consolidating, should not exceed 40% of your gross monthly income.
- **Financial Standing:**
 - No judgments against your name.
 - You must not be undergoing debt review, sequestration, or administration.
 - Your credit profile must be free from any disputes.
 - You should not be overindebted or experiencing financial difficulties.
 - You must not have any loans in arrears.
 - You should have had no more than 4 credit checks in the last 14 days.
 - No more than 3 unpaid items on your bank statements.

Advantages of a debt consolidation loan

- **Streamlined Finances:** You replace multiple monthly payments with a single, more manageable payment.
- **Improved Cash Flow:** By extending your loan term, you can potentially lower your monthly repayment, freeing up cash for other expenses.
- **Single Interest Rate:** You avoid juggling multiple interest rates, which may result in a lower overall cost.
- **Clear Repayment Period:** You know exactly when your debt will be repaid, giving you a clear timeline for financial recovery.
- However, it's important to note that this option increases your overall debt since you are taking out a new loan. If you're in financial difficulty, this will not be the best choice.



CHAPTER II

DEBT CONSOLIDATION FOR LOW SCORE CLIENTS

If you've fallen behind on your debt repayments or are already classified as overindebted, a standard debt consolidation loan is not likely to be an option. However, there is still a way to manage your debt effectively through debt consolidation for low score clients. This option involves a process known as debt restructuring, where your existing debts are consolidated without adding any new debt.

In this method, your debt is restructured based on your current financial situation, helping you to clear arrears and manage payments in a way that fits your budget. Instead of taking out a new loan, your existing creditors are negotiated with to reduce interest rates and extend payment terms, giving you much-needed financial relief.

- Maximum Consolidation Amount: Between R100 000 and R2 000 000
- Repayment Period: 60 to 72 months
- Interest Rate: Below 25% per annum

Qualifying Criteria

- Minimum Salary: You must earn at least R7 500 per month.
- Self-employed and Commission Earners: Welcome to apply.
- Credit Score: Applicants typically have a credit score of less than 550.
- Age: You must be at least 18 years old and the repayment plan must be settled by the age of 60.
- Credit Requirement: You must be in arrears or classified as overindebted.



CHAPTER II

DEBT CONSOLIDATION FOR LOW SCORE CLIENTS

Once you are assessed and confirmed as overindebted, a debt professional is assigned to work on your behalf. This professional will negotiate with your creditors to reduce interest rates and restructure your payment plan, making your monthly payments more affordable. The goal is to get your finances back on track without adding more debt.

Advantages of debt consolidation for low score clients

- **No New Loans:** This method does not involve taking on new debt; it restructures what you already owe.
- **Reduced Interest Rates:** Debt professionals work to reduce your interest rates, which can lower your monthly payments significantly.
- **Inclusion of Asset Payments:** You can include payments for secured assets (such as home loans or vehicle finance) in the consolidation process, reducing the burden of these repayments by up to 25%.
- **Professional Support:** You will have guidance from a debt professional, who will help you stay on track with budgeting and achieving your goal of becoming debt-free.

This method is ideal for individuals facing financial difficulties who need immediate relief to manage their debt and cover their essential living expenses.



CHAPTER III

KEY DIFFERENCES - TABLE SUMMARY

DEBT CONSOLIDATION LOAN	DEBT CONSOLIDATION FOR LOW SCORE CLIENTS
<ul style="list-style-type: none"> • Maximum Amount: R350 000 • Minimum Credit Score: 592 • Arrears: No arrears allowed • Interest Rate: Above 25% p.a. • Debt Impact: New loan increases total debt • Asset Payments: Not included • Guidance: Self-managed; no expert guidance 	<ul style="list-style-type: none"> • Maximum Amount: R2 000 000 • Credit Score: Less than 550 welcome • Arrears: Must be in arrears or overindebted • Interest Rate: Less than 25% p.a. • Debt Impact: No new debt created • Asset Payments: Can be reduced by up to 25% • Guidance: Expert guidance provided throughout the process

CONCLUSION

THIS IS THE BEGINNING OF SOMETHING GOOD.

Debt consolidation is an effective solution for regaining control over your finances. If you have a healthy credit score and are managing your debt well, a debt consolidation loan can streamline your payments and free up cash flow. However, if you are struggling with arrears or are classified as overindebted, debt consolidation for low score clients provides an essential lifeline, helping you to restructure your debt without adding more.

Whichever method suits your situation, taking steps to consolidate your debt is the first step towards financial freedom.

Contact us today for a free assessment and expert advice on how to move forward.



LINKS AND CONTACT

**FIND OUT MORE ABOUT EACH
ROUTE AND TAKE YOUR FREE
ASSESSMENT TODAY!**

Apply for a Debt Consolidation Loan

[CLICK HERE](#)

Find out more about debt consolidation for low score clients

[CLICK HERE](#)

**CONTACT PREMIER FINANCE TODAY AND JOIN
OUR SOCIAL AND WHATSAPP NETWORKS!**



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