

# How you can avoid debt, especially when you're expecting a child

With the weakening Rand, price hikes on consumables and the prospect of another recession, taking a loan to maintain your standard of living is more tempting than ever. If you happen to be an expectant parent, avoiding debt is one of the smartest moves you can make.



An alarming number of South Africans are over-indebted and three months or more in arrears, servicing multiple debts. The last thing a young family needs is items being repossessed or not having enough money at the end of the month. Here are some tips to avoid the debt trap.

## Think before you spend

In a consumer driven era we spend our money before thinking. If you're a new parent the excitement of the new arrival will mean the urge to shop will be stronger than ever. It's especially important at this time to be aware of your spending patterns. Before purchasing new clothing for your child, consider how long they'll use them for. Think about asking for hand-me-downs from family and friends, or buy clothes secondhand.

## Cut your need to spend

You are accustomed to a certain lifestyle, but when money gets tight, stop living beyond your means. There is no need to chase high value brands. Review your expenses. If your car repayments are too high, it might be time to downgrade. Look through your insurance and cell phone contracts as well; often we forget we're paying for expenses that are not applicable anymore. For new parents this reduction in spending means that they can start saving for the future rather than digging themselves deeper into debt.

## Save; then save some more

Your best weapon against debt is to build up savings. Unforeseen costs can pop out of nowhere throwing you under the "debt bus". As a new parent you will find a few areas where 'surprise costs' can emerge, such as hospital bills and education. Starting to save now means that when these large bills do appear you can pay for them in full. This isn't just something for parents to think about, as unexpected costs happen to everyone. Remind yourself that being able to cover costs in full means you won't be needing another loan.

## Alternative ways to finance

Sometimes there are no alternatives and certain expensive purchases need to be made. Car seats, prams and cots are new

things parents will need. Renting is a viable option. Rent-to-own is a service that Teljoy offers on baby items, appliances and furniture. The contract is fixed at a monthly fee, with the option to upgrade or to cancel at anytime. If items break or are faulty, Teljoy will collect and have them repaired, which is handy for a new mom who may struggle to get out with a newborn. At the end of the contract you can take ownership, which may be just what you need if another child is on the way.

If you can think before you spend, cut down on expenses and start saving, as well as look at different ways to get the things you want, you can hopefully avoid borrowing money.

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