



## DEBTSOLVE PROGRAMME PILOT – INFORMATION SHEET

DEBTSolve is a Programme to assist New Zealanders to address unsustainable high cost debt. It pairs specialist debt counselling and advocacy support with adapted NILS and StepUP debt consolidation loans.

During the pilot existing Community Finance Loan Workers will be the entry-point and ongoing contact for DEBTSolve clients (supported by Good Shepherd NZ’s Debt Counsellors), providing Loan Workers with another tool for clients unable to afford a NILS or StepUP loan due to existing levels of debt.

Once the DEBTSolve concept has been tested, options for longer-term delivery will be considered.

### Key features of the pilot

- **A specialist Good Shepherd NZ Debt Counsellor**
  - To support clients to create a Financial Plan of Action (including a debt reduction plan), and advocate with lenders for debt reduction and repayment plans.
- **DEBTSolve NILS loans of up to \$2,000**
  - DEBTSolve NILS loans can assist clients to address an immediate and pressing financial concern, and create ‘breathing space’ while they develop and implement a Financial Plan of Action. Making regular repayments to a DEBTSolve NILS loan also allows clients to demonstrate their commitment to addressing their debts to support a DEBTSolve StepUP loan application.
- **DEBTSolve StepUP Loans of up to \$10,000**
  - Once a client has committed to a Financial Plan of Action, the Debt Counsellor can put the client forward for a DEBTSolve StepUP loan to more fully and effectively address their existing high cost debt.

### The DEBTSolve process for clients

Loan Worker interview	Work with Debt Counsellor	Financial Plan of Action	DEBTSolve loan	Ongoing
<ul style="list-style-type: none"> <li>• Discuss financial situation</li> <li>• Refer to Debt Counsellor if appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Assess financial situation and gather information</li> <li>• Commit to DEBTSolve programme</li> </ul>	<ul style="list-style-type: none"> <li>• Agree on Plan with Debt Counsellor</li> <li>• Debt Counsellor negotiates with lenders</li> </ul>	<ul style="list-style-type: none"> <li>• Apply for a consolidation loan (if part of Plan)</li> <li>• Arrange payment of debts</li> </ul>	<ul style="list-style-type: none"> <li>• Continue payments and tasks in Plan</li> <li>• Receive support from Loan Worker and Debt Counsellor</li> </ul>

### DEBTSolve’s guiding principles

- **Get people ‘back on their feet’** and paying off their debts as quickly as possible, while ensuring that the client has sufficient surplus in their budget to meet their basic needs.
- **Work to obtain appropriate reductions** of debt wherever possible, particularly where ‘irresponsible’ lending has occurred, rather than repaying the debts in full.
- **Work to arrange manageable repayment plans** with lenders.
- **Prioritise the most effective use of the DEBTSolve loan** (e.g. to pay a bill rather than pay an existing debt).