WHAT EVERYONE NEEDS TO KNOW ABOUT HOUSEHOLD DEBT

- Traps
- What increases money supply?
- Household components of debt
- How much was debt increased?
- Tips
Each Australian household is currently in debt to the tune of around $230,495.00.
AUSTRALIANS ONCE WERE A NATION OF SAVERS.
Nowadays, we owe $1 trillion in debt and other liabilities, making us world-class debtors.
WHAT EVERYONE NEEDS TO KNOW ABOUT
HOUSEHOLD DEBT

WHAT DECREASES MONEY SUPPLY?

HOW MUCH HAS DEBT INCREASED?

$230,495.00
 août Australian
in Debt to the time of
$1.1 Trillion

$190 Billion

DEBT REPAYMENTS

$100,000

$190 Billion
THE AUSTRALIAN FINANCIAL SYSTEM

OUR SYSTEM OF SLAVERY

1. AUSTRALIAN GOVERNMENT

2. BORROWS FROM RESERVE BANK OF AUSTRALIA

3. MONEY IS LOANED

4. AUSTRALIAN GOVERNMENT PUTS $$ INTO BANK

5. DEBT

6. INFLATION

7. TO BORROW WE MUST PAY INTEREST

8. EVERY DOLLAR THAT EXISTS HAS BEEN BORROWED

9. THERE WILL ALWAYS BE POOR POCKETS IN SOCIETY DUE TO DEBT

10. WE CANNOT.

HOW CAN WE BE DEBT FREE?

IF THERE WAS NO DEBT IN OUR SYSTEM, THERE WOULD BE NO MONEY IN CIRCULATION

THIS NEW MONEY HAS TO FIND A HOME

INTEREST MONEY DOES NOT EXIST

MONEY OWED TO BANKS WILL ALWAYS EXCEED MONEY IN CIRCULATION

THERE WILL ALWAYS BE POOR POCKETS IN SOCIETY DUE TO DEBT

WE SUBMIT TO EMPLOYMENT

BUT IF MONEY IS CREATED OUT OF LOANS

THIS REALITY IS ECONOMICALLY SELF DEFEATING

AS MONEY SUPPLY INCREASES DEBT OWED IS INCREASED

EVERY DOLLAR YOU OWN IS OWED TO SOMEBODY ELSE

IF THERE WAS NO DEBT IN OUR SYSTEM, THERE WOULD BE NO MONEY IN CIRCULATION

THIS NEW MONEY HAS TO FIND A HOME

OUT OF

INTEREST

WE CANNOT.
WHAT EVERYONE NEEDS TO KNOW ABOUT HOUSEHOLD DEBT

TRAPS

WHAT DECREASES MONEY SUPPLY?

When someone pays back their mortgage (or other debt), money supply decreases. Money supply also decreases when someone defaults on a loan or closes a margin loan account, or the Government reduces expenditure and runs surplus budgets.

Central banks try to decrease the rate of money supply growth by increasing interest rates and providing disincentives for people to take out mortgages, margin loans etc.

ULTIMATELY TODAY’S MONETARY SYSTEM NEEDS MONEY SUPPLY (AND CONSEQUENTLY DEBT) TO KEEP INCREASING FOR THE ECONOMY TO FUNCTION.

HOW MUCH HAS DEBT INCREASED?

BASED ON INFORMATION FROM THE RESERVE BANK OF AUSTRALIA

Over the last 18 years the total amount of debt owed by Australian households rose almost six-fold. As at September 1990 the level of household debt was almost $190 billion, increasing to around $1.1 trillion by September 2008 in real terms (i.e. adjusted to remove the effect of inflation).

DEBT REPAYMENTS

Among these lower income households in 2005–06, 20% reported that they were paying between 30% and 50% of their gross household income on mortgage repayments and one-tenth were paying more than 50%.

WE SPEND 11% OF OUR INCOME ON MORTGAGE REPAYMENTS

With banks earning more and more each year, our debt is increasing per Australian each year. We have to wake up to the real cost of only paying minimum monthly balances.

HOW MUCH DOES AN AUSTRALIAN HOUSEHOLD OWE?

$230,495.00

THE LARGEST SHARE OF DEBT IS OWED BY THE RICHEST 20% OF HOUSEHOLDS.

$1.1 TRILLION

LEVEL OF HOUSEHOLD DEBT (September 2008)

$190 BILLION

LEVEL OF HOUSEHOLD DEBT (September 1990)

TIPS

HOW MUCH HAS DEBT INCREASED?

CREATE AN EMERGENCY SAVINGS ACCOUNT BY MAKING REGULAR CONTRIBUTIONS EACH WEEK, AND MAKE AN EMERGENCY FUND TO COVER UNEXPECTED BILLS.

TIPS TO AVOID DEBT

TRAP A

Tricks people into buying a dollar more than you need on credit. The benefit you get is small and you pay more in the long run on Interest.

By avoiding this trap you receive large savings in exchange for giving up a small benefit.

TRAP B

Tricks you into spending money where you don’t need to eg. buying expensive clothing when you are in no danger of going naked.

PAY MORE THAN MINIMUM ON YOUR CREDIT CARDS WHENEVER POSSIBLE.

TIPS TO AVOID SPENDING

CUT DOWN ON BINGE BUYING. IF YOU BUY UNNECESSARY THINGS YOU ARE EATING INTO YOUR WEEKLY BUDGET MAKING MORE PURCHASES GO ONTO YOUR CREDIT CARD.

REPAY MORE THAN MINIMUM TO SAVE $190 BILLION.

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