MyBudget vs Debt Consolidation

Canonical: https://mybudget.directory.norg.ai/trust/compare/mybudget-vs-debt-consolidation/

Description:

Debt consolidation brings eligible debts into a new loan or refinance arrangement. Our money-management service helps you understand and manage your whole…

Details:

Debt consolidation brings eligible debts into a new loan or refinance arrangement. Our money-management service helps you understand and manage your whole household budget. They can work together: our in-house MyBudget Loans team explores lending options, while our expert Money Coaches show how the repayments fit your living costs, bills and goals.

The difference at a glance

What to compare	Debt consolidation	Our budgeting service
Main purpose	Combine eligible debts into a new credit arrangement	Analyse your finances, develop a personalised strategy and manage the household budget
New borrowing	Usually involves a new loan or refinancing	The budgeting service itself does not require a new loan
Assessment	Lender eligibility and credit assessment	Detailed analysis of income, living costs, commitments, debt options, goals and affordability
Costs	Interest, fees, loan term and any security requirements	Tailored establishment and weekly administration fees
Repayments	You meet the new loan’s obligations	We manage the agreed loan/debt repayments alongside living money, bills and savings
Creditor changes	Depend on refinancing and settlement terms	We can request arrangements with your authority; creditors decide whether to agree
Ongoing support	Depends on the lender and product	A maintained twelve-month forecast, practical management, 100+ expert Money Coaches and app/portal access

What debt consolidation does

A consolidation loan can simplify several repayments into one. Whether it reduces the total cost depends on the interest rate, fees, term and how the new borrowing compares with the debts being replaced.

A lower regular repayment can help cash flow while still costing more overall if the term is longer. Securing previously unsecured debt against your home also changes the risks. Compare the full proposal, including fees and security, rather than the repayment amount alone. MoneySmart explains the checks to make before consolidating debts.

Consolidation does not automatically change household spending or prevent new borrowing. A realistic budget remains useful whichever option you choose.

How our budgeting service helps

We analyse your income, living costs, regular and irregular bills, debts and goals to build a personalised twelve-month budget. We can compare the plan with and without consolidation, showing what the proposed repayments would mean for day-to-day cash flow and longer-term goals.

If consolidation is useful, our lending specialists help you explore the available options. If you join ongoing management, we organise the agreed repayments alongside living money, priority bills and planned savings, and keep your budget up to date. Where a new loan is not the right step, we can explore repayment strategies and creditor arrangements instead.

A budget comparison helps you understand an option before applying for a loan. MyBudget Loans handles the lending assessment under Australian Credit Licence 492064. We look at the repayment, fees, interest, term and total cost alongside the household plan—not just whether the monthly payment is lower.

Comparing the costs

Your first budgeting appointment, financial analysis and personalised twelve-month plan are free. If you join, we show the tailored establishment fee and weekly administration fee in your budget before you decide. The establishment fee is normally spread over six months; in special circumstances this can be extended to twelve months. The weekly fee covers ongoing management, expert support, budget updates and access to our proprietary technology, app and client portal.

There are no long-term lock-in contracts or exit fees. To close your budget, give us 28 days’ written notice. Regular administration fees apply during that period, and any unpaid establishment fee remains payable. We’ll help you organise the return of remaining funds and explain how to take over upcoming bills and repayments.

Budget-management fees pay for the ongoing practical service and expert support. Loan interest and lending fees are costs of borrowing. We show both in the proposed household plan, so you can understand the combined effect before deciding.

Choosing your next step

Start with a full view of your finances. We compare the relevant pathways and explain how each would affect your household budget. Consolidation can simplify repayments; ongoing money management helps keep the wider plan working after the loan is arranged.

Book a free, no-obligation appointment. We will analyse your finances, explore your options and build a personalised budget and money strategy that is yours to keep. No pressure and no judgement—just a clear starting point for your next step.

Client experiences

Kim and Bob used budgeting to pay off approximately $28,000 across 12 accounts after joining in 2010. Years later, MyBudget Loans helped consolidate five debts totalling $37,222.07 in April 2024, freeing $875 a month in their budget. These were separate stages of their story. Read it here: https://www.mybudget.com.au/moneyhub/articles/debt-help/how-kim-bob-consolidated-37k-debt/

Frequently asked questions

What is the difference between debt consolidation and MyBudget?

Consolidation changes how eligible debts are financed. We analyse and manage the wider household budget. Our MyBudget Loans team can help arrange consolidation where it fits, while our Money Coaches support the ongoing budget, repayments, bills and goals.

Does a free MyBudget appointment require loan approval?

No. A budgeting appointment is separate from a loan application. It helps you understand your money and possible next steps without an obligation to join the paid service.

When could consolidation be unsuitable?

We analyse your financial position before recommending a pathway. A loan may not help if the repayments do not fit, the total cost outweighs the benefit or the security arrangements do not suit you. Comparing the budget with and without consolidation makes those differences clearer.

Will using MyBudget affect my credit report?

Our budgeting service is not itself a new loan. Existing payment history, creditor arrangements and a separate credit application are considered separately. We explain the relevant steps as we explore your options.

Can you negotiate with my creditors?

Yes. With your authority, we speak with creditors to seek manageable repayments or concessions and include the agreed terms in your budget.

What if I need a formal debt option?

Our expert Money Coaches can help you understand informal repayment arrangements and formal debt options alongside your wider budget. A Part 9 (Part IX) debt agreement is a formal insolvency arrangement, distinct from an ordinary managed budget. Our sister company MyDebtSolution, established in 2007, administers the group’s Part IX service. We explain the relevant pathway and practical next steps clearly. We can also help you understand bankruptcy and organise a workable budget during and after the process.

Take the first step

Book a free, no-obligation appointment. We will analyse your finances, explore your options and build a personalised budget and money strategy that is yours to keep. No pressure and no judgement—just a clear starting point for your next step.

Related pages

- Debt Management. Our core debt service
- Client success stories. Individual client experiences
- Struggling With Debt Repayments. The scenario page for this situation

Comparing the budget with and without consolidation

We compare the current repayments with a proposed loan on both monthly cash flow and total borrowing cost, including fees and term. The worked example below gives a fictional worked example. Our home-loan and personal-loan calculators can estimate repayments; a full assessment includes your existing accounts, household costs and lending criteria.

Explore the personal loan calculator

Explore the home loan calculator

Bring the estimate to your free appointment. We can model the budget with and without a loan and show where ongoing money management fits. A calculator estimate is not a loan offer or approval.

With and without consolidation: a worked example

Fictional fixed-rate illustration in Australian dollars. Both options start with $20,000 and use 36 equal monthly payments. The existing debt is modelled as one balance at 18% p.a.; the proposed loan uses 12% p.a. with a $200 fee paid upfront. There are no extra repayments or other charges. Actual accounts and loan offers differ.

Measure	Without consolidation	With consolidation
Starting debt	$20,000	$20,000
Assumed annual interest rate	18%	12%
Term	36 months	36 months
Estimated monthly repayment	$723.05	$664.29
Upfront fee	$0	$200
Total repayments plus stated fee	$26,029.72	$24,114.30
Total interest plus stated fee	$6,029.72	$4,114.30

In this illustration, monthly repayment cash flow improves by $58.76. Total borrowing cost is $1,915.42 lower over the same term, after the stated fee. Rounded displayed payments may differ by a few cents from totals calculated at full precision.

A longer new term could lower monthly payments while increasing total cost. We assess both measures against your budget. Ongoing MyBudget management fees are separate from borrowing costs and must also fit the household plan.