

STI Notes, 2016

## **REPAYING PERSONAL LOANS**

“How should I best approach paying back my personal loan?”

You are a young entrepreneur who has been awarded a personal loan by the STI Foundation. You are in the early stages of setting up your company and are aware of the uncertainties and risks of setting up a business.

The STI Foundation is supporting you in setting up your company. The STI loan is to be used for this purpose only. You have also been assigned a coach. Please keep your coach regularly informed about your activities and any changes that you make to your plans.

The STI loan is given to you as a private individual. To ensure that repayment of this personal obligation runs smoothly, please observe the following:

### **Repayment schedule**

- Schedule your repayments and provisions from day one.
- On no account should you postpone the repayments until the latest possible date.
- As a general rule, you should provide the STI Foundation with a repayment plan after 3 years.

### **Set aside provisions**

- Be sure to set aside provisions – even if revenues are initially low.
- Do not rest your hopes on the future, take honest action on the basis of your current situation.
- Always set aside a percentage of your earnings as reserves.

### **Pay in instalments**

- Schedule regular instalments.
- Repay smaller amounts as early as possible, for instance via a monthly standing order.

### **Monitoring**

- Use the STI financial cockpit as a control instrument.
- Discuss your reserves and repayment amounts with your coach.
- Endeavour to reduce the size of your loan as quickly as possible; this will help to motivate you and lighten the burden.