

## Different Ways of Debt Consolidation

These days there are a lot of different ways for individuals to get themselves out of debt. Debt consolidation is probably the best thing that any one person that finds themselves in debt can do for them to ensure a bright financial future. One fixed monthly payment on a strict schedule can allow you to budget accordingly and actually see an end to the monthly payments.

Using a credit card is actually a good way to get yourself out of debt if you have a good credit rating believe it or not. If you have a good credit rating you could get a much lower rate than you would get from other types of consolidation loans. Since a credit card does not require you to have collateral up front, you are not risking too much by using this method. If you have credit card debt, you should call up potential new card companies and find out how much it would run to you transfer your current outstanding balance over to theirs along with what rates of interest you would receive. If you can get a fixed rate of interest you will be well off and be sure that they will waive any wire transfer fees from you if you go about this.

If you are unable to get yourself a low rate of interest with your current credit card company try others, but be careful because too many different types of applications to credit institutions can have a negative impact on your credit profile. When you do consolidate this way, you should be certain to set up the best possible payment plan for it so that you can be debt free in three to five years time.

When you use a home equity loan you are able to borrow against the value of your home without any other mortgages. There are a couple of different types of home equity loans which are the standard home equity loan which you can get a fixed amount of finances for a fixed period of time and a home equity line of credit where you are able to borrow up against the value of your home if you still have cash available for it. These loans in and of itself can offer you a low rate and low payments; the interest is also typically tax deductible if you go about it the correct way.

There is also the cash out refinancing option when you refinance your home. This allows you to take out money to pay off some bills and is just another way of being able to tap into the equity that you have retained on your home. If you are able to refinance at a lower rate than you had you can in turn reduce or just all together remove the higher interest costs that you have on the debts that you are paying off and you could even come out with an even lower payment than you have right now since the rates are so low at this moment in time.

Another option to consider is an interest only loan in that you can lower your monthly payments to free up some cash in order to pay down the debt you have accrued elsewhere. Be certain that you understand how much the cost of refinancing is, that way you can take any money that you free up and apply it to pay down other debt that you may have and save the rest for a rainy day.

The typical debt consolidation loan is a type of unsecured personal loan where the only collateral that you have to offer the lender is yourself. Since lenders consider these loans to be fairly risky in nature they tend to be a bit more expensive than the other options and is not the easiest thing to get yourself if you happen to have acquired a fair amount of debt. If the interest rate is a bit too high for you and makes it not worth it then you should probably consider another type of consolidation route to go with. If the term is adequate then you could actually save some good cash when all is said and done so be sure to calculate how much everything will cost you before you take any action.

There is credit counseling companies out there that can help you get out of debt even though they do not physically consolidate all of your debt. Instead of consolidation, they will set up payment plans for you to lower your interest rates on your current debts. You will make a single lump sum payment each month to the service and they in turn will pay off all of your current creditors. Going about this sort of service will not usually hurt your credit so long as you pay on time each month and never falter. If you stick with it you can be debt free within three to five years.

The debt settlement option is becoming a lot more popular with people that have a lot of debt and are considering bankruptcy. You would have to stop paying your bills so that they default and as a result a debt settlement company would negotiate a lower lump sum payment to pay your creditors off with. Instead of them getting nothing by risking you going bankrupt, they allow you to pay off this lower balance so that they can be sure that they get something out of it. As a result you end up paying fifty percent or even sometimes lower, of your outstanding balance to them. Using one of these programs can get you out of debt within two years if you also stick to it. It is not a perfect solution as your credit rating will suffer during the short run but this can be easily fixed in the future when you have climbed out of the debt that you are in now.

Consolidation of your bills is not always the easiest thing to accomplish. In reality, if you happen to have a lot of debts, it can be pretty difficult to find yourself a debt consolidation loan at a fairly low interest rate, and if you are not careful you could end up getting even further and further in debt than when you had originally started. The goal of getting your debt consolidated should be to lower the overall costs of your outstanding debt. There are a couple of things to keep in mind when trying to do this which involve getting the lowest possible interest rate you can on your loans, and make sure that you have a plan in place to get your debts paid off within three to five years time.

The biggest mistake that a lot of people make when trying to consolidate your debt is to not have a solid plan for paying off the debt after they have consolidated all of their debt and to of course never take action. If you wait for the perfect solution to come along you will just get yourself into a lot more debt trouble. It is very important to get your debt solution going immediately if you want to have the future of your finances looking bright. Explore your options and take a look at the different companies out there before deciding to do anything. It will be worth it when you are able to get the high priced item you need in the future.

### About the Author

By utilizing [Debt Consolidation Loans](#) program, you are capable of relief from your current budget. It will allow you to bring down your current monthly payments on your debt even with bad credit. Consulting with EzConsolidation.com could be the best [debt solution](#) that any person in debt can find for them to ensure a bright financial future.

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