

Finding Solutions For Your Debt

Finding solutions to minimize, and eventually wipe out, your existing debt is not an easy task. Before you begin considering the different options that are available to you, be very sure you are ready to take action. It takes serious planning, education, and the ability to follow a strict budget to correct your financial distress.

There are several immediate steps you can take; the most important of which is to stop accruing new debt. Seriously, even if you do nothing else immediately, do this. If you're already having problems with your current debt level, accumulating more will only make the situation worse. You should also eliminate any "extra" spending. Do you eat out for lunch every day? Start brown-bagging it. Do you pay a housekeeper to clean your home once or twice a month? Pick up that broom and mop and start doing it yourself. Basically, look for any expenses that you can cut or reduce; even if it means more work for you.

Okay, now that you have your spending habits under control, it's time to decide how you want to handle solving the current debt you have. You have several options:

Continue to do it yourself. You can do this! However, you need to be able to educate yourself on your financial matters. This may mean purchasing a book to guide you or even software that will set up a financial spreadsheet and budget analysis for you (all you'd have to do is enter in your debts and income to see the bottom line). It may mean phoning your creditors to work out payment plans you can adhere to and also working with them to lower your current interest rates, late fees, and even your payoff amount.

Utilize a certified credit counseling agency. In a nutshell, they will do all the financial education, budget planning, and contacting of your creditors for you. You'll still have to be willing to understand why you got into the financial mess you did, and work within the budget they set up for you. However, if you're unsure of your capabilities in doing it on your own, this may be an excellent choice for you.

You can apply for a debt consolidation loan. Again, you still need to educate yourself on financial planning, but a quick way to reduce your overall debt is to take out a large loan to pay off all of your smaller debts. Often, the interest rate is smaller, which will save you money over the long haul.

File for bankruptcy. This should be your last option. It is not a quick and easy get out of debt free card, though it may feel like that. Bankruptcy will stay on your credit record for a period of 10 years - that's a long time to be considered a poor credit risk. However, this choice is right for some people, if you think you may be one of them, get the proper information and meet with an attorney to discuss your options.

Regardless of which types of debt solutions you decide on - make sure you're informed on all of your choices. With perseverance and dedication; you can alter the course of your financial future.

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About the Author

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