

Is There A Way Out Of Your Debt Problems?

Do you have multiple debts? Do you have just one large debt which you could afford, but your circumstances have since changed? Are you finding it harder each month to meet the payments on your debts?

You know debt is a problem, but maybe do not have any idea what the best way out is. Financial problems rarely just go away, so a solution of some beneficial sort is needed. Otherwise the problems just keep piling up and eventually overwhelm you.

While there may not be any instant debt solution, there are a number of things that can be done. Some of those things that can help you, apply across all methods of improving your debt situation, so let us have a look at those first:

1. Change Your Attitude Towards Debt And Spending

While debt is almost contagious these days, it is possible to be different from the crowd. Once you are determined not to follow social trends just because they are there, your mind can become a powerful ally in finding and achieving a solution to your debt problems.

This part of the debt solution is a long term aid, but one that will act like an immunisation does with disease. You will build up an immunity to the debt traps in the future, and for your existing debt you will be far more inclined to plan and budget your way to a debt free future.

2. Plan And Budget As Part Of Your Debt Solution

Another essential debt solution element is for you to budget and plan your financial future. First of all, list your outgoings and give them an order of priority in monthly payment. If you have an annual charge, then divide by 12 and use that monthly figure, remembering to set aside that amount each month in a savings account.

Include all your repayments, including credit cards, in those outgoings. Set a firm budget for yourself each month, and stick to it. If there is a surplus, use it to pay off extra each month on loans and credit cards, choosing the most expensive to clear first. Combined with 1 above, this is an important part of your debt solution, whatever other methods you may add.

3. Cut Out From Your Budget Non Essential Items Of Expenditure.

Now that you have gone through part 2 of your debt solution, take another look at the list of outgoings. First of all, ensure the list is complete. Then go through the list an item at a time, and see if there is anything that can be eliminated or at least cut. You may find it useful for the first month to take a detailed look at your supermarket and other household grocery spends, to see if there are possible savings.

By going through the above three processes you are well on the way to finding a debt solution that is achievable and without penalty. In the long term, it will improve your financial welfare no end.

If you want to go further though, and mix the above 3 suggestions with other solution possibilities, then you may consider the following:

1. Debt Consolidation Loan

If you have multiple debts a debt consolidation loan may well be a part of your debt solution possibilities. By taking out a debt consolidation loan, you could give yourself some breathing space by reducing your monthly payments. Combined with the three self help methods described above, you can give yourself an opportunity to plan and budget for debt elimination over the period of the loan.

By setting aside the savings from your monthly reduction in payments, you can accumulate enough for just about all your needs. Aim for no further borrowing. Save for your next car, next vacation, or anything else you may have used a loan for before. Become a saver and cash buyer from now on.

2. Debt Negotiation

If you have debts getting out of control and are struggling to make monthly payments, or have started to fall behind, then debt negotiation or settlement is an option as a part of your long term debt solution. With debt negotiation, it is usual for the debtor to use a consultant to negotiate settling

the debts, at perhaps a 40%-50% lower level, and then agreeing a repayment rate for that lower level of debt.

Debt negotiation will have an impact on your credit rating, so if you can use a debt consolidation loan it will probably be better for you.

There are other ways to reach a debt solution, but those above are the most likely and practical. But whatever way you choose to go, you will find your long term wealth growth improved by using the first 3 self help methods: changing attitude or mindset; budgeting; and cutting out non essentials. Later, you can look forward to all the non essentials you want, after your patient period of constraint.

Never forget also that there are many ways to increase your income, whatever your age. Keep expanding your knowledge, and those possibilities will always increase. You may even find a way of earning money online.

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