

Title:

Credit Card Debt Reduction - 3 Tips To Quickly Reduce Debts And Improve Credit Rating

Word Count:

365

Summary:

There are many rewards to reducing credit card debt. To begin with, eliminating needless debts will save you money, lessen stress, and boost your credit rating. Obviously, achieving a life free of debt is easier said than done. Nonetheless, there are practical tips that can help consumers eliminate debts and raise their credit score.

Stop Using Credit Cards

Before you can reduce and alleviate debts, you must stop using credit cards. Understandably, emergencies arise tha...

Keywords:

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Article Body:

There are many rewards to reducing credit card debt. To begin with, eliminating needless debts will save you money, lessen stress, and boost your credit rating. Obviously, achieving a life free of debt is easier said than done. Nonetheless, there are practical tips that can help consumers eliminate debts and raise their credit score.

Stop Using Credit Cards

Before you can reduce and alleviate debts, you must stop using credit cards. Understandably, emergencies arise that justify using credit. For example, a large car repair, home improvement, etc. On the other hand, if the bulk of your credit card expenses revolve around shopping sprees, vacations, or entertainment, a radical lifestyle change is needed.

To avoid using credit unnecessarily, remove all credit cards from your wallet. Do not cancel credit cards. By doing so, you will decrease your credit score and rating. Instead, exercise self-control and make all purchases using cash.

Take Advantage of Options Available to Homeowners

Owning a home puts you at a huge advantage. Many homeowners have become debt free by obtaining a home equity loan or refinancing. As your home increases in value, you build equity. Equity is the difference in what you owe the mortgage company and your home's market value. By obtaining a home equity loan or refinance, homeowners have access to their home's equity. The funds may be used to consolidate debts. Paying off high interest credit will decrease monthly debt payments and save you thousands.

Using Debt Management Agencies

Before filing bankruptcy, individuals with excessive debts should contact a debt management agency. These agencies are extremely useful and have helped millions of people become debt free in as little as five years. Representatives will evaluate your current debt and credit situation, and determine the best plan of action.

To lower monthly payments, the agency will consolidate debts and contact your existing creditors to negotiate a lower rate, waived fees, etc. A low interest rate makes it possible to pay back creditors faster.

While working with a debt management agency, you will no longer forward payments to each individual creditor. Rather, the debt management agency will collect payments and allocate the funds to pay off credit card balances.