

Title:

Consolidate And Live Debt Free

Word Count:

688

Summary:

Are your credit cards in charge of your life? Are you living payday to payday with no end in sight? Making large payments but not making much of a dent on your principal balance? It may be time to consolidate and live debt free.

Debt free living opens up so many possibilities for using your money more wisely. The money once used to make monthly bill payments can go toward college funds and retirement savings. It can be used for investments and cash to use on travel and rec...

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Article Body:

Are your credit cards in charge of your life? Are you living payday to payday with no end in sight? Making large payments but not making much of a dent on your principal balance? It may be time to consolidate and live debt free.

Debt free living opens up so many possibilities for using your money more wisely. The money once used to make monthly bill payments can go toward college funds and retirement savings. It can be used for investments and cash to use on travel and recreation.

The first step toward living debt free may be to consolidate your current indebtedness. There are several methods to consolidate your bills and each once requires careful examination before taking the plunge. Before making the first move to consolidate it is important, however, to be fully aware of your credit history and current credit (FICO) score. Only when you know as much about yourself as your creditors do can you make wise decisions about your finances and begin to live debt free.

FICO scores range from 400 to 800. Scores above 720 designate excellent credit. Scores below 550 are considered sub par. Even a score below 600 can make it more difficult to consolidate. Beneath this range will make interest rates and fees higher. Pull your credit report from all three credit reporting agencies

(Experian, TransUnion and Equifax). Receiving one free credit report each year is mandated by law. You can purchase your credit score online for a nominal fee. When requesting these reports be wary of any sites that ask for billing information before allowing you to access your free credit report. Make sure you are not signing up for any monthly updates that will be charged to your credit card. Remember, the idea is to live debt free after you consolidate your current bills.

Once you are aware of exactly how much you owe and how you are viewed by the credit community it is time to look at your options to consolidate. If you own your own home and it has accumulated equity you might consider a home equity debt consolidation loan. If your credit is relatively good you might consider a debt consolidation loan from a loan company or consolidating all of your debt onto one loan interest credit card. However, if your credit card debt has accumulated to the point where it has affected your credit, you may need to think about a debt consolidation loan through a service for people with damaged credit. Some of these services also offer credit counseling.

Debt free consolidation through a home equity loan has the advantage of being relatively easy to arrange. Any homeowner who has allowed equity to build in his/her property should find an ample supply of agents willing to broker a consolidation loan. All of the home owner's outstanding credit card bills can be rolled into the mortgage amount as long as the total does not exceed a certain percentage of the home's value.

Persons with good credit may also apply for a consolidation loan which will have a lower interest rate and, therefore, a lower payment than the total payments being made on all the credit card debt combined.

For those with sub par credit debt consolidation loans may also be the answer. However, the interest rate will not be as low as that for consumers with a higher credit score. Still, the payment may be less than the total of the payments made previously.

In the current culture it is the rare individual who can be totally debt free <http://www.pearlvalleypress.com/category/finance-reviews>. Most people will always have at least a mortgage payment with which to contend. However, the fewer monthly bills - especially high interest revolving credit - the better. No matter how you choose to consolidate and become debt free it is important to eliminate your previous credit card habits. Cutting up all but one credit card is highly advisable. Select the credit card with the best overall package and secure it in a safe place for use in a pinch. Now you are on your way to a debt free lifestyle.

