

**Title:**

Debt Consolidation Loan Possibilities Abound

**Word Count:**

514

**Summary:**

If you need cash to consolidate your debt, there are some good options available to most people. Here are some to consider.

**Keywords:**

Debt consolidation, debt management, credit counseling, bankruptcy, credit cards, home equity loan, line of credit, interest rates, free credit report, payday loan

**Article Body:**

Debt has a way of piling up in a sneaky way. Many consumers think that they are wisely managing their money until the day comes when they realize that they are way too deep in debt. The average U.S. household has nearly \$10,000 in credit card debt, and that debt is often distributed among multiple accounts, each of which has its own minimum payment requirements.

As most credit card companies have recently increased their minimum monthly payment requirements to approximately 4% of the unpaid balance, paying off a number of credit card accounts at once can be difficult. The sum of the minimum payments can be more than many people can afford to pay. There is a solution, however. It is called debt consolidation.

Debt consolidation is the process of taking out one loan to pay off a number of different loans. By doing that, only one payment need be made each month. Depending on minimum payment requirements for the credit card debt, the single monthly payment could actually be less than the sum of the previous payments, thus easing the burden of retiring the debt.

But where can you get such a loan? While there are companies that advertise heavily that they can provide such loans, you may have other sources of funding at your disposal. Some may be worth pursuing, while others may be poor choices.

Home equity loans - If you own a home, and most people do, you could borrow against whatever equity you have accrued during the time you have been living there. Home equity loans are available from many lenders at affordable interest

rates. As a bonus, the interest is deductible from your Federal income tax returns on loans of up to \$100,000. Be aware, however, that a home equity loan puts your home at risk if you default on your bills.

Retirement plan or 401(K) - If you have a retirement plan or a 401(K) plan where you work, you may have the option of borrowing against it. The interest rates are quite favorable, and it may seem like you are borrowing from yourself. The downside to this is that your money is not earning interest during the time you have borrowed it, and this lost earning power is lost for good. You can't make up for interest you didn't earn.

Insurance - If you have whole or universal life insurance, you may be able to borrow against it. Talk to your insurance agent for details.

Family and friends - Not always the best choice for a loan, but it may be better than nothing. Just remember that many valuable friendships have been lost over loans. If you plan to borrow from friends or relatives, make certain that you can them back in a timely manner.

Most people with problem debts will have one or more of these sources of funding available if they want or need to consolidate their debts. Before you borrow, be sure to weigh all of your options carefully. The last thing you want to do while trying to get out of debt is to make the problem worse.