

Relying on Cash Advances

Unfortunately, there are people who rely on cash advances too much; they apply for one every time they are low on cash, instead of waiting for their next payday. These people go to cash advance companies and apply for a cash advance loan just to keep going until their next pay check, rather than using careful budgeting methods to avoid money shortages and to save money in the long run.

This is fine if you can repay cash advance companies with your next pay check and if you only borrow a small amount of money. If you do only borrow a small amount of money, then you can alleviate your debt burden in the short run; however, if you are not careful, you may find yourself in a tight spot again in the future because of the interest attached to the cash.

The interest on these cash advance loans is higher than that of most credit cards. This is because cash advances are somewhat risky to the lender because they must base their acceptance only on an income test, rather than your credit rating, which means they approve too many people and subsequently have a higher default rate.

If you want to find a way out of your debt, then a cash advance is a good option; and you should consider it. But, if you don't have a budget in place, you should set one for yourself to be sure that you can pay back the cash advance. If you can stick to a budget, then you are more likely to succeed in getting yourself out of the financial mess with or without a cash advance. You should also factor cash advances into your budget, so you use them only when you must and when it is actually a financially-rational decision.