

Title:

What Are Some Ways I Can Avoid Bankruptcy?

Word Count:

549

Summary:

While bankruptcy may seem like an attractive, short-term solution to alleviating debt, the process usually hurts people more than it helps. It can take years for your credit to recover from such a maneuver; you may not be able to get financial assistance if and when you need it after filing for bankruptcy.

Keywords:

avoid bankruptcy

Article Body:

While bankruptcy may seem like an attractive, short-term solution to alleviating debt, the process usually hurts people more than it helps. It can take years for your credit to recover from such a maneuver; you may not be able to get financial assistance if and when you need it after filing for bankruptcy. Since this is the case, it can be helpful to be aware of what alternatives exist so that you can avoid bankruptcy but, at the same time, still help yourself get out of debt in a timely manner.

As soon as you feel like you are having financial troubles, create a budget. This will help you to see what income is coming in and how much money is leaving your hand as expenses. Take the time to track your spending and see the patterns that may emerge. Look at your problem areas and see what can be done about such issues. Avoiding bankruptcy may be as simple as adjusting your priorities and being aware of how much money you spend, where and when. Next, organize the way you pay your bills. Individuals who only pay the minimum amount of their bills will not only extend the amount of time that they spend in debt, but they will also have to pay additional fees in the form of interest rates and such. When one bill is paid off, take the amount of money that you would have been spent on that bill and apply it to your next bill, in order to get out of debt with that next bill. Try not to see that money as extra money, since you are still in debt and have additional bills that need to be paid.

Professional help may be the best route if you are not able to gain any relief from creating a budget and tackling your bills in an organized and focused manner. A debt management plan can be created for you by an informed and

educated professional. Typically, these plans can last five years - but at the end of these five years you will be debt free, which is a great long-term goal to stay focused on throughout the term of your plan. The counselor that you work with will handle all of the correspondence with your creditors and that can be a big relief in and of itself, since you can stop getting calls and interruptions from debt collectors. Another option is that a debt consolidation loan that may be applicable to your case. If your credit rating is lower, it is likely that you will have to pay higher interest rates for this loan. With this loan, all of your bills are combined and you will make one payment each month, an amount which is typically much lower than the amount that you would have been paying for all of the separate bills and debts separately each month.

You can also look at your personal lifestyle and situation. If you have a large house, you may want to sell it and move to a slightly smaller house. The same can be said if you have a top of the line car - you can get a reliable, but less luxurious car - and you may be able to earn some money from selling the vehicle.