

**Title:**

A Debt Consolidation Loan Help Get Your Finances Back On Track

**Word Count:**

525

**Summary:**

Recent studies have shown that an average individual in a developed country spends almost forty per cent of his or her monthly salary before earning it. Today's society runs on credit and with loans being easily available for the fulfillment of each and every desire, be it owning a new car or going on a holiday, we can easily be labeled a credit dependent society.

**Keywords:**

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**Article Body:**

Recent studies have shown that an average individual in a developed country spends almost forty per cent of his or her monthly salary before earning it. Today's society runs on credit and with loans being easily available for the fulfillment of each and every desire, be it owning a new car or going on a holiday, we can easily be labeled a credit dependent society. However, a major downside to this credit trend that we are living with is that more and more people are finding it difficult to manage their numerous loans and landing themselves into bad credit situations. While some people actually end up in bad credit situations because of over spending and mismanagement, the majority of people who are finding it difficult to pay back their loans on time are those who have been faced with sudden job losses, illnesses, transfers or accidents. If you are also on the verge of getting into a bad credit situation or are already knee deep in loans that you are finding hard to pay back, then you should avail the help of a debt consolidation service as soon as possible.

Many financial institutions offer debt consolidation services to people who want to make their debts more manageable. A debt consolidation firm can be of great help to people who cannot pay back their numerous debts on time and are being forced to pay back even higher amounts as a result of increasing APRs and late fees. A debt consolidation service will pay off all your outstanding debts and consolidate the amount into a single loan which you will be required to pay back. So a debt consolidation loan will be the sum of all your debts put together. However, taking a debt consolidation loan is a better option than paying many separate loans with different terms of payments and different rates

of interest. This is because companies offering debt consolidation loans will provide you with better rates of interest (much cheaper than what you were paying earlier) and more flexible terms of repayment. Apart from having to pay lesser amounts, a debt consolidation loan is easier to manage than your previous outstanding balances since you only have to make a single payment per month at a constant rate of interest.

Based upon your needs and requirements, you can avail different types of debt consolidation loans. The cheapest and the most easy to get debt consolidation loan is the home equity loan where you get the loan after putting your house as collateral. This is also known as a secured debt consolidation loan. The major disadvantage associated with such loans is that you might end up losing your house if you default on paying back the loan. You can also get an unsecured debt consolidation loan where you do not provide any collateral, but these loans carry a much higher rate of interest than secured loans and also have stricter repayment terms. Many credit card companies also offer balance transfer cards where you can transfer all your outstanding balances to a single credit card which has a very low APR for the first few months.