

## Title:

Debt Consolidation - Can You Cut It?

## Word Count:

668

## Summary:

Debt consolidation is supposed to help you get free of debt. By combining a lot of smaller debts into one big loan you can pay the debt off with lower repayments. So how come a lot of people have the same debt load two years later?

## Keywords:

debt consolidation, debt help, credit card debt, debt-free living, remortgage

## Article Body:

Debt consolidation is supposed to help you get free of debt. By combining a lot of smaller debts into one big loan you can pay the debt off with lower repayments. So how come a lot of people have the same debt load two years later?

Answer is, they treated the symptom, not the cause. Debt consolidation only works if you address the underlying problem, which is that you spend more than you earn. Once you've consolidated debt, it can be very difficult to do it again.

The way it's supposed to work is that a loan pays off your debts, you sweep away all your past mistakes and extravagances, get a grip on your finances and vow to live within your means. This way you never again have to face the consequences of any more mistakes and extravagances.

But maybe you had just cause for spending too much. Medical bills are the largest cause of bankruptcy in America. If you got sick or had a major accident you've got big bills to pay and this can devastate your finances. If this is you, face up to your debt situation before it gets out of control. Your hospital probably has someone on staff to help people in your situation. Find the person with a sympathetic ear and use them. It's better to ask for help than to prevaricate and suffer alone.

Your aim should be to keep current with all your non-medical bills, but to work out a way of paying your doctor over a longer period of time. If your medical care providers know that they'll get their money in the end, there is usually a payment plan that you can use. Remember to keep up to date with your household

bills: you've got to pay your energy bills but the doctors can wait. They can afford it.

Or maybe the reason you're still in debt is that you still have to pay your student loans but you're not yet earning enough to live. If you're young enough to be in this situation but old enough to have graduated, then the answer's simple. Get a better job, or get a second job, or both. This sounds tough and it is, but life is tough. If you'll learn how to be in control of your money at an early age, you'll be learning how to be one of life's winners.

For those who are in debt but not sick or young, the simple truth still remains. You're spending more than you earn.

Here's a way you can help yourself. Get out your wallet, take out the dollar bills and the credit cards and spread them out on the table. See those credit cards? You probably think of them as infinite plastic. You use them over and over to buy what you want. Until they actually are maxed out, they seem infinite. They will always gratify your spending impulses. That is, if you will let them.

See those dollar bills? They can buy the exact same things as the plastic, but when you've handed them over, they've gone. If you want more of those bills, you've got to earn them. Now get the truth into your head that you can only spend up to the value of those dollar bills. Not one cent more. If you can discipline yourself into this frame of mind, you'll begin to see that you can repay your debt.

And here's another thing. You can cut up your plastic even while there's still money to pay on them. Think about it: destroy the cards but keep up your repayments and one by one those debts will disappear.

If you can think of debt consolidation as a last resort, if you can tackle the causes of your debt (not the symptoms) and if you can promise yourself to start afresh, you can be debt-free.