



I FIND MYSELF DEEPLY IN DEBT

If debt is mounting and you continually find yourself struggling every month, it may be time to seek debt relief. An important part of selecting the best way to eliminate your debt is to realize when it's time to ask for help.

Debt consolidation and debt settlement programs are both very popular ways to help consumers get out of debt in a short period of time, but are they right for you? Neither of these programs are available for people

who are simply tired of paying their bills, but they are available to those who are already late with payments, have bills in collections or have had a sudden change in their income.

There are a number of non-profit organizations currently offering debt management services, which include both debt consolidation and debt settlement. Some companies may offer both, while others may specialize in one or the other. In order to be eligible for either of these programs, you must be able to show that there is not sufficient income to pay your bills as they currently require. If this sounds like your situation, debt relief may be just a phone call away.

If you are receiving calls from your creditor's collections department, speak with them openly and honestly regarding your situation. Once you have signed up with a debt management company specializing in either debt consolidation or debt settlement, inform your creditor(s) of the name and telephone number of the company. In most cases, this will stop the collection calls while the creditor verifies the information that you provided. By explaining the fact that you are working with a company who will be submitting a proposal on your behalf, most creditors will accept this information as your good faith desire to repay your debts. As the telephone begins to stop ringing, you will gain some much needed relief from the stress associated with being constantly reminded of your financial woes.

When a debt management company sends your proposed new monthly payments, interest rates and/or debt settlement offers, the creditor(s) will either accept or deny the offer. Within weeks, you will be informed of their decision and will have the ability to call the debt management agency to remain updated with creditor's responses. After 1-3 months of consecutive payments made through a debt relief agency, most creditors will begin to list your account as current with credit reporting agencies.

It is recommended that consumers check their credit report periodically in order to maintain the accuracy of the content and to prevent them from being a victim of identity theft. Each year, you are entitled to receive a free copy of your credit report from each of the three credit reporting agencies, including Equifax, TransUnion and Experian. If you enroll in a debt consolidation or debt settlement program, it's a good idea to check your credit report prior to enrollment and then again after six months. When you compare the two timeframes, you will likely see a great improvement as creditors begin to receive their payments and update your credit reports accordingly. If any of the information is inaccurate, you can file a dispute with the credit reporting agency and get the corrected version updated in a short amount of time.

Dealing with debt is not an easy task. In fact, it can be a very exhausting experience. Once you have faced your finances and made an important step toward eliminating your debt, your life will begin to improve right along with your credit score.

Bogus debt consolidation companies

The Better Business Bureau warns consumers against debt consolidation companies which make the following claims:

- The ability to remove all debt
- Warns clients against communicating directly with creditors
- Offers to pay down debt for an upfront fee from the client
- Asks client to pay a percentage of the total amount of debt being eliminated
- The ability to remove negative marks on a client's credit report
- The ability to prevent bankruptcy

For every bogus debt consolidation company out there, a legitimate service exists that truly can help consumers who are overwhelmed with debt. But how do consumers tell the difference between a valid company and one that is just out to scam them?

To answer that question, a consumer must first understand what debt consolidation is and what it is not.

The way true debt consolidation is supposed to work is to take multiple sources of debt – such as from credit cards, mortgages, utilities and loans – and combines them into one manageable monthly payment. Properly combining debt can allow the consumer to still meet their financial obligations without draining their bank account each month. True debt consolidation also should provide certain key benefits to clients who use a debt consolidation service.

One of the biggest benefits to debt consolidation is the reduction of interest rates on loans and credit cards. A big reason consumers get behind on payments and are unable to ever truly pay off debt is because they often are saddled with high interest rates. Even if they make the minimum payment each month, they may never realistically pay off the full amount due to compounding interest rates from month to month.

A quality debt consolidation service will make it a top priority to combine all debt and reduce the overall interest rate being applied to the monthly repayment process. If the company you have chosen does not offer this tactic, then they are not a company with which it is worth doing business.

Debt consolidators also should be able to combine all sources of debt into one monthly payment, and reduce or eliminate all late penalties and fees for their clients.

Credit card consolidation



Credit card debt consolidation helps you pay your bills through affordable monthly payments. It leaves you with only a single financial obligation instead of multiple bills. The biggest benefit of credit card consolidation is the fact that it helps you lower your interest rates and monthly payments.

Credit card consolidation helps to restructure your repayment plan. This process helps to consolidate credit card debt into a single monthly payment plan. You have to make one monthly payment instead of handling several creditors. However, the payment amount basically depends upon your total outstanding balance, current interest rate, income, and the creditors.

You can typically consolidate credit card through 3 ways:

Regular income: Be it credit card debt management or consolidation or settlement, you can't fulfill your financial commitment without having a regular income. Keep it in mind that you won't be able to eliminate your credit card debt through consolidation. All you can do is pay back your creditors at a reduced rate. You have to pay off the debt and so a steady flow of income is extremely essential. If you can't make the monthly payments, then this debt relief option won't be able to help you out.

Interest rates: As it has already been mentioned, the biggest benefit of consolidating credit card debt is the massive interest rate reduction. Lower interest rates allows you get back on the right financial path quickly. However, if the interest rate is not substantially reduced, then there is no point in paying the additional fees for consolidating credit card debts.

Repayment term: Credit card consolidation allows you to lower your monthly payments. Sometimes, your monthly payment amount is significantly reduced in exchange of a longer repayment term. In such a situation, you may end up spending more than what you've actually calculated. Moreover, it'll take a longer period of time to get debt free.

Apart from the above mentioned factors, there are a few tips which you much follow in order to make credit card debt consolidation the right option for you. Here are a few tips on credit card consolidation which you must never miss out.

You can get financial freedom by consolidating your debts. However, you need to follow a strict financial regimen in order to repay your debts. The above mentioned tips will help you start a fresh financial life sooner.

Credit card consolidation vs settlement

The basic difference between the credit card debt consolidation and credit card debt settlement is about the repayment strategy. In credit card debt consolidation or credit card debt management, you're basically able to reduce your interest rates and number of creditors. You're making only a single monthly payment. However, a credit card debt settlement program helps to reduce the principal amount.

In credit card debt settlement, you're able to solve your financial problems through a lump sum payment. On the other hand, credit card consolidation facilitates a single monthly repayment plan for you. It is not required to handle multiple unsecured debts any more.

In credit card management or consolidation, you attend a free counseling session wherein the counselor makes a detailed analysis of your income versus debt obligation. In settlement program, a trust account is created for you wherein you're required to save a certain amount every month.

	Credit card consolidation	Credit card settlement
Reduction in principal amount	No	Yes
Reduction in interest rate	Yes	No
Lump sum payment	No	Yes
Single monthly payment	Yes	No
Free counseling	Yes	No
Minimum debt amount	No limit	Yes
Effect on credit report	"Paid in Full"	"Paid as Agreed"

Are Debt Collectors Stalking You Online?

Debt collectors spend a lot of time chasing down accounts, many of which will never result in a payment being made. A smart collector will spend time trying to collect on accounts that are most likely to have the ability to pay. Therefore, some collectors are looking beyond the traditional tools, like your credit report, to better target the accounts to spend time on. That means it's possible that a debt collector may be stalking you online, and probably in ways that you may not realize.

Who of us think about our unpaid debts when we are sharing with friends and family? In our daily use of social media, how many of us accept a friend request from someone we don't know? Who thinks about that overdue credit card bill when sending out a tweet?

Though getting a Facebook message from a debt collector would shock most people, American Banker posted an article in which one debt collection industry insider suggests collectors are "cybertrackers." One example in that article of what a debt collector might find useful while tracking people would be if someone posted about starting a new job.

There are obvious reasons why debt collectors see the value in tracking you down through social networks:

1. To contact you. If you are not picking up the phone, or responding to collection letters, that really only leaves the courts. Using social networks might be a way to get you to respond to them. It would certainly be an additional stress point – a reminder that you still owe a debt.
2. To track your behavior and profile you as collectible. If you tweet or post to your wall about the vacation you are planning, or one you took recently, you will look more collectible.

Getting Debt Help Online While Protecting Your Privacy

If you post online about anything, you should already know that doing so raises privacy concerns. If you are seeking answers to a debt problem, you should be ready to provide general information in order to get more specific and helpful feedback, but it's important to consider how to do so in a way that keeps you protected. Here are some ways to help prevent a debt collector from tying your online comments to a debt they have on their desk:

1. Do not post while logged into a commenting profile you have set up.
2. Do not use your first or last name.
3. Do not let the fact that debt collectors may routinely scan the Internet deter you from seeking out helpful tips and feedback. A good Google search can turn up many articles from experts who can help and you can reach them via email if possible to get more questions answered.

Credit.com, INT, BCE