# Debt Consolidation Improves Your Financial Stability

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(Newswire.net -- September 25, 2017) -- Are you crunched down by the number of loans you have taken and your current expenditure is not allowing you to come over the water? Perhaps it is time to rethink how you can stabilize your financial condition by availing a consolidated debt. Wait, did you just read to take yet another debt to come out of your misery? That's true. As much as you can loathe and run away from the word debt, you will be amazed to know that a consolidate debt is something which can be your friend in disguise. Well to lay it down in very simple terms we are not asking you consider raking up your EMIs and interests more but we are asking you to consider a refinancing and consolidation of your debts. Here is how a consolidate Debt works.

## What is a Debt Consolidation?

A consolidate debt means bringing into effect a single amount of higher debt amount that is equivalent to the sum of your distributed loans or liabilities as you would like to call it. It usually comes with lower rates of interest and a low monthly premium so that you end up paying less in the overall amount with more takeaway money in hand after you settle your expenses. It eliminates the need to focus on distributed areas and to keep a reminder on premium dates. It is easy to understand and it is useful especially for those people who are in a financial crunch due to multiple liabilities and who worry about credit ratings as well.
Sounds cool and simple so far? Let's try to understand how it works.

## How debt consolidation improves your financial stability?

It's always better to pay interest to one loan provider on a big amount than provide interest to multiple creditors. If the amount is more and interest is less you can enjoy some breathing space. The loan provider can offer you a flexible plan suiting your financial condition and repayment can certainly be easier for you.
However, if you find interest rates are not good enough and your bill consolidation loan of an amount which will make it more difficult to become debt-free, you might want to do a good research on your options.
There are various ways to avail this bigger debt we are talking about. Some of them include:

- There are debt consolidation companies who will pay off all your remaining debts in exchange for principal and interest you pay to them.
- Home equity line of credit, where you borrow money against the value of your home. This is but a surety your creditor has in case you end up failing with repayment.
- Peer to Peer lending, which is quite untraditional in accumulating money can also work well for you. Here your request will go to individual peers via a lending company or a club, and your credit score can be little less than what is needed for traditional banks. These peers aim to gain profit by interests which are quite less than what you pay to banks. So it's a win-win situation for both parties.
- Taking an LIC or Life Insurance Policy is an interesting term where you can sign up for a suitable policy and the LIC will take care of your comparatively smaller debts in return for your premium towards your policy and the principal amount. There are clauses where you can skip paying the borrowed sum if you cannot manage to pay it but thereby reducing the sum of your money-back amount.
- By some friend or source, you must come across the term Credit card balance transfer. All you need to do is pay a fee of around 3-4 % of your total debt amount and your loan will be transferred to a credit card account which not only will consolidate your debt but also offer you a period of 0 % interest rate. Yes, for some period depending on your scheme you will not have to pay any interest on the amount and if you do the math you can figure out how much that can amount to. Is the transfer fee, rate of interest and duration put together with interest-free period doing you any good? If yes, then you can opt for this method.

## Conclusion:

Indeed there are other ways to consolidate your debt and getting money from friends or relatives or a personal loan from a lender who is offering too less rate of interest are some of them. However, not everyone can afford support from someone who is generous to help you. If you are in a financial crisis the best person who can help you is yourself. And debt consolidation is a wonderful method to manage debt easily.

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