

## How Can Debt Consolidation Can Help?

You've probably heard the term debt consolidation on television or from your mailbox. As prices at the pump, energy cost and even grocery bills keep going up, many will find their budgets gets tighter. Debt starts squeezing your wallet harder every single day. As debt begins to take over, you may begin to look for some relief. This is where debt consolidation can help.

Debt consolidation is the process of arranging your bills and debts so you can save money by combining the bills into one loan or payment. Debt consolidation is primarily used to lower your monthly payments or to secure a lower interest rate. The ultimate goal of debt consolidation is to free up money in your budget or pay off debt completely.

If you're fortunate, you'll be able to qualify for an unsecured debt consolidation loan to use for combining your credit card and other unsecured debt. Although, for most people, a debt consolidation loan requires a secured loan for combining unsecured debts. Typically, the collateral used to a secure the loan is your house. For this reason, homeowners are regularly inundated with home equity loan offers.

A secured debt consolidation loan typically offers a lower interest rate because the lender is at less risk. Most people find the lower interest rate to be an alluring way to stretch their dollars.

Student loans which are primarily used to pay for college expenses may also become burdensome over the years. These loans may be consolidated as well, but ordinarily the steps involved are different for consolidating student loans than for consolidating unsecured debt from credit cards.

Because of the nature of student loans, you may only be able to consolidate them, in order to receive a lower interest rate, one time with a private lender. After you've used the advantage of the student loan private refinance option, you may be able to consolidate them again through the Department of Education. You should be aware that you aren't actually "refinancing" the student loans. What you're actually doing is locking in the remaining balances of the loans at a fixed interest rate, which is distinctly different from standard refinancing.

You may be able to benefit from debt consolidation for both student loans and unsecured debt by being able to lower the interest rates and reduce or pay off your debts. Consolidating several debts into one low monthly payment can free up your budget and make it easier to make ends meet, although, it may require you to put your home on the line as collateral.

Debt consolidation can be great for your financial situation, with thorough planning and research. However, if you continue to rack up debt, it won't help improve your financial circumstances in the long run. For the best results, become informed, honestly review your finances and, if you find your income is spread too thin, consider debt consolidation.

## About the Author

Check out [Debt Consolidation Strategies Revealed](#) where you'll find out what it really takes to eliminate your debt and have a debt-free future. Be sure to sign up for our FREE newsletter at <http://debt-consolidation-strategies.com/debt-elimination.htm>

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