

## Using Loans To Eliminate Debt

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Credit card debt is widespread amongst the average American household and seeking ways of consolidating debt usually means utilizing the equity in ones home or seeking a personal loan to service the credit card payments. Using the equity in your home to apply for a equity home loan and directing the funds towards debt management is an excellent method for getting your house in order in regards to your finances.  
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{bot\_wrgoogle}The best personal loans are those that don't require collateral. Using the equity in ones home has become a popular form of liquidity to finance and consolidate existing credit card debt, however not without its risks. What if you were unable to make your home equity payments for some reason? They can take your house!!!

Some take money out of their 401K in order to pay off their credit card debt. This method of debt management to secure a personal loan is not for everyone but it does provide you with immediate access to funds. You're taking money out of an account that you set up in order to save for your retirement. Many people like this option because when you pay back the loan, you are essentially paying yourself back.

The interest you pay back on the amount borrowed is also money you are paying back to yourself, but this method of paying credit card debt is not without its disadvantages, either. Be mindful if you become redundant or unemployed and fall behind in your repayments you may be required to reimburse the full amount borrowed within a 3 month period or else you will be liable to tax receipts on the borrowed amount.

Tax perks when saving with a 401K account are reduced when borrowing off your retirement, as you are reimbursing the account with after-tax dollars.

To pay your credit card debt using personal loans, you might consider contacting your local bank to see if you could obtain a loan with a reasonable interest rate. By reducing your repayments through a lower interest rate on all credit cards and loans will make servicing your credit card debts and debt management overall a lot easier to achieve.

When deciding whether or not taking out a personal loan to pay your credit card debt it is a good option for you to consider this, personal loans are paid in monthly installments at a fixed interest rate. Credit cards interest rates vary somewhat but you can be guaranteed they will be high with many fees attached if you are undisciplined and do not make your payments in time or only pay the minimums.

Having a savings account with a sizeable balance affords you the luxury of redirecting your funds to paying off any credit card debt before they get out of control, pretty much like a personal loan!!! When you compare the interest rate you earn on a savings account and the cost of credit card debt it makes little sense not redirecting funds from you savings account towards servicing debts elsewhere??? Be smart and service your credit card debt before setting up any high yield savings account you will be thankful you did in the long run.

All About Personal Loans