

## Consolidate your debts

In today's society debt is rife at the moment with many people falling victim to the credit crunch and the lack of money. It seems with the lack of jobs, and/or the many things that are contributing to people's lack of money, many people have to max credit cards and/or borrow money from banks. This is a very dangerous path to take for anyone, as the current rise in interest rates in banks, effectively means no one can pay back money quickly and are therefore racking up a large amount of debt. With people facing debt it often is not coming just from one place, bank etc. Instead debts can come from a number of different areas for many people and can often be hard to keep track of and figure out which are the best debts to pay off first. As interest rates are always rising for many people, splitting an income between different institutions in which you may owe money too means that only a small amount is going to each institution each time. They are therefore only making a small dent in the amount that you still owe. Speaking to a debt advisor will give you many choices on how to solve these problems, one choice being the idea of debt consolidation.

[Debt consolidation](#) requires taking out just one loan to pay off all your other debts. Then with this loan you only have one main debt that you have to pay off. Because it is effectively just one loan the interest rates will almost always be lower and/or can be a fixed interest rate. This idea of consolidation helps debt paying become a lot easier and a lot simpler and less confusing. With consolidation, it can be considered as insecure; however it can be made secure by taking out '&#8216;collateral' against the loan. For instance owning a car or a house means that they can serve as collateral and if agreeing to the forced selling of your property or car if you are failing to pay off the loan, means that you will get a much lower interest rate. Effectively this lower interest rate makes paying of this one loan a lot easier and efficient and any income used to pay off the loan will not effectively be '&#8216;eaten up' by added high interest.

## About the Author

Emma Davies writes for [debt-free.org.uk](http://debt-free.org.uk) and takes great pride in helping people to be [debt free](#)

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