

## Debt Reduction Solutions

Not sure how to get out of debt? Here are a few easy tips.

Incurring debt is easy, but managing debt is not. It requires financial discipline and knowledge of debt reduction solutions to do so. One solution all counselors favor is to shift to debit cards. Once you do that, you spend only as much which as is in your bank account. The question of incurring new debt will not arise.

The second, and relatively easier, solution is to reduce the number of credit cards that you own. This can be done by taking a pair of scissors and cutting all your credit cards, one by one. You can always retain one credit card for use only in an emergency. This credit card should be the one that charges the lowest rate of interest. These two steps # reducing the number of credit cards you have and obtaining a debit card # will cut down on your wasteful spending. You will then have more disposable income to clear your debts.

Your third step is to transfer all your old credit card balances to the card that you have retained. When you do so you lower the interest on your cumulative payments. This is because some credit card companies charge as much as 21%. You may want to consider transferring all your balance to a card company that is offering a 0% balance transfer scheme. This will further reduce the interest accumulation on your existing debt.

Debtors who own a house can go for a home equity loan, or take a fresh line of credit. There are two advantages to taking such a loan. The first is that this loan is available at interest rates much lower than those charged by credit card providers. The second is that you make only one monthly payment to the bank that provided the loan. There is no fear of late fees, missing payments, or harassment by debt collectors.

Another possibility is to take out a personal debt consolidation loan. This can be obtained from banks, financial institutions, and credit unions. The debt consolidation loan works like a house loan and gives you the breathing space that you desperately need to reduce your debts.

Debtors who don't want to take out a loan can consider selling 'unnecessary' objects lying in the house. These may include jewelry, antiques, furniture etc. The income that this generates can be used to pay down the debt. Debtors can even withdraw small sums from a savings account that pays low interest and use it to clear debt.