

Don't Turn Debt Consolidation into Your Next Credit Issues

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Debt consolidation is one the most common debt solutions used by many debtors to plan for debt relief. By going through the debt consolidation, you are combining all your high interest debts into a single monthly payment on a lower interest rate. And most of time, debt consolidation will accompany by a debt consolidation loan. The debt consolidation loan will use to payoff all your debts and you only need to make payment on your debt consolidation loan.

With your debts payoff with the debt consolidation loan, all your credit cards' balance will go back to zero and the credit card limit will go back to maximum for usage. If you do not control the uses of your credit cards and continue to swipe it and pay the minimum payment each month, you are at high risk to fall back to another debt issue.

If you are planning a debt free with a debt consolidation and accompany by debt consolidation loan, stick on your goal and don't turn debt consolidation into your next credit issues. Things that you can do to avoid this tragedy from happening are:

1. Changing Your Spending Behavior

An impulse purchase is an unplanned or spontaneous purchase. And most of time, impulse purchase is made on items that are optional and it can causes you to spend out of you budget. If you tend to make such purchases, you need to change your spending behavior or else your effort to consolidation your debts and plan for a debt free will be a waste. When ever you go for shopping, write down the items you plan to purchase in a piece of paper and just buy the items in the list.

2. Make A Budget Plan

In order to avoid create new debts, you need to know how much you can spend with your existing earning after minus out your debt consolidation loan payment. A budget plan will definitely gives you a clearer picture on where your money will goes and how much. If you projected spending in your budget plan exceed your allocated budget, you need to cut away all the optional expenses such as entertainment, luxury vacations or downgrade your life style, for example if you use to buy branded cloth and shoes, you may now go for cheaper options so that you control your spending within your budget.

3. Avoid Swiping Your Credit Card

Use electronic money such as credit card may cause uncontrolled spending. Hence, avoid using your credit card again. If you are a type of person that hard to control the uses of credit card; then canceling most of your credit cards could be your wise decision, you can leave one or two credit cards for emergency uses.

4. Make Full Payment On Credit Card Balance

If you can't stop using your credit card but you think that you can control swiping it just to buy items in your budget plan. Then, you must commit to yourself to pay full payment on your credit card balance each month. If you are just paying the minimum payment, your credit card debt will snowballing from month to month and will lead you to another debt issue one day.

In Summary

Debt consolidation is a debt solution that can get you out of debt, in contrary it can lead you to trap into second debt problem. Hence, you need to accompany debt consolidation with a proper spending management to ensure your debt issue resolve.

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<http://www.studykiosk.com/CreditBasics/DebtConsolidation/MoneyLessons-Introduction.aspx>