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# **Charge Card Debt Consolidation And Management Might Just Be The Best Solution For Americans**

When you are facing a situation where you have to choose the right kind of debt management help and you do not know head or tail about the basics of debt help, you know you are way in over your head. You have heard of the different terminologies and benefits but exactly what does each type of debt help entail? You know you are not an expert when it comes to debts and finances but you know you are smart enough to be able to understand the concept.

So what exactly is a debt management program? In essence, it is a program where every single one of your unsecured debts like credit card debts and unpaid bills are combined into one entity. This practice is called debt consolidation. Negotiations are made with your creditors by expert advisors for them to allow you to pay your debts in installments. An independent third party is appointed to handle all negotiations and payment arrangements on your behalf. Usually your advisor will hold discussions with every single one of your creditors and negotiate the terms and conditions for allowing you to pay your debts monthly and possibly to reduce the annual percentage rate. Sometimes your advisor will go the extra mile and negotiate to get a reduction to the principal amount of your debt. As most creditors would rather lose some money than all of it, they usually will agree to a debt reduction provided you pay your debts on time and sometimes in one lump sum.

Once an agreement is achieved, your advisor will then combine the total amount of your debts and distribute them evenly throughout the pay back period as agreed between you and your creditors. When that is done, you may apply for a consolidation loan to enable you to pay your now only one debt. Consolidation loans are typically offered with very low APR. Every month, instead of paying money to several different creditors, you will be making one payment to the debt management consolidation provider or agency and your advisor will then disperse your cash to each of your creditors according to the agreed monthly sum until the loan term is over and payment is complete. Then you will be debt free and all you will need to do is to stay debt free.

This particular method has its pros and cons. The most obvious advantage is that payment is made only to one single entity so you will not have to deal with various lenders. The loan is also obtainable at very low interest rates so you will probably be able to save some money and keep it handy for rainy days. You should also know that debt consolidation loan does not eliminate your debts but merely shifts your focus from having to deal with various creditors to the convenience of dealing with just one. Only when you finish making all the payments as per your loan term agreement will you really be debt free. Debt consolidation is designed simply to relieve you of the burden of making payments that are robbing you of being able to live your life well.

One of the disadvantages of this particular method of debt management and debt consolidation is that you might actually end up paying more than what you actually owe. This is due to the extension of your loan term when you signed up for the consolidation loan. Some debt management agencies offer free services but if they charge you for it, chances are they will have already included the due fees into your monthly payment amount. Another disadvantage is that you will be in debt longer than if you had stuck to the original pay back period of your initial loans.

When it comes to debt management and debt consolidation, there are basically four types of consolidation loans to help settle the issue. They are personal unsecured consolidation loan, credit card account debt consolidation, cash-out home refinance and home equity loan or home equity line of credit. Each one is designed to suit different types of financial issues. It is possibly good to listen to your advisor well and take the advice given into serious consideration. You don't want to be making the wrong decision when it comes to your debts.

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