

Managing Debt - The Steps to Take

Debt has become an enormous problem for people of all income groups. Regardless of how much money is earned, spending in excess of income has led to debt for individuals in all economic classes. When payment of your personal debt has begun to drain your savings and make it difficult to pay bills, it may be time to seriously consider [debt management](#).

There are several steps you can take to manage your debt. If your debt is unsecured with credit card companies, you can call them and attempt to negotiate lower interest rates. Remind the companies that if they do not wish to lower their interest rates, there are other options you can take, like transferring your balance to another credit card, or declaring bankruptcy, an option which would lower your payments much more than they are willing to do. Then, immediately destroy all but one of your credit cards and keep it solely for emergencies. You cannot eliminate your debt if you continue to keep using your credit cards. A balance transfer, in which you shift the balance on one of your credit cards to another credit card with lower interest rates is possible, but beware of offers to do just this. Often, credit card companies, once they have obtained your balance, will increase their interest rates, leaving you with the same problem you had previously. If you dislike negotiation, and feel overwhelmed by your debt, you can apply for a debt management plan.

Underlying all of these options is the fact that if you are in debt over your head, it comes from spending in excess of your income, so you need to do two things: first, reduce your spending; second, increase your income. To reduce spending, your primary job is to create a written budget for yourself. Make sure it is written- in your head alone is not good enough. Once you have made your budget, stick to it. You can reward yourself for your self-discipline once you have saved enough to do so. Second, look for opportunities to add to your income. Inquire at work about getting overtime hours. When going shopping, ask if stores are looking for part-time help. And finally, start doing research into investing your money, so you can get your money working for you.

About the Author

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