

Debt Management programs

Bankruptcy may not be the answer for everyone who is under financial stress. There are alternatives to bankruptcy that may be available to you or your family members that you may want to explore if you either do not qualify to file for bankruptcy or are seeking an alternative to bankruptcy. One such option is a Debt Management Program. Most debt management programs do not provide as much relief as bankruptcy and often they are costlier, but in some cases they may serve as a good alternative to bankruptcy.

Debt Management Programs are typically structured to allow a person to continue to pay their bills and restore their credit score. In a Debtor Management Program, an experienced person will work with your creditors directly to work out a repayment plan that you can afford and which will allow you to pay off your unsecured debt within a reasonable amount of time. Examples of unsecured debt include but are not limited to the following: credit cards, department store cards, collection agency accounts, credit lines, overdraft loans, installment loans, pay day or cash advance loans and signature or personal loans.

Because each consumer has a unique and personal situation, debt management programs will be structured to meet your particular needs and help you achieve financial freedom. Each person's case will be reviewed and a plan formulated to meet your needs by an experienced specialist.

Debt Management Program specialists will be able to take your monthly income and along with your monthly bills and structure a reasonable repayment plan on your behalf. Debt Management Programs may also allow you to lower your monthly bills, reduce interest rates on credit card accounts, and stop collection calls. You may even be able to pay off your accounts sooner than you ever thought!

A Debt Management Program may also be helpful to people who are experiencing a temporary change in income due to unemployment or a change in household expenses, such as the birth of a child or divorce. If you have fallen behind on your bills, a Debt Management Program may be right for you.

When seeking the advice of a Debt Management specialist, it is helpful for you to review your finances and gather the following information:

- Balances on all credit accounts
- Current interest rates, as well as any upcoming interest rate changes scheduled to take place
- Minimum monthly payments due on each account
- Credit limits on each account
- Amount of any late fees charged to the account
- Your monthly net income from all sources
- A budget of your monthly living expenses

A Debt Management Program can also help you learn how to budget your finances better and stay debt free in the future. Debt Management specialists will work out a reasonable budget and assist you in realizing where your money is spent each month and how to spend your money in the future in order to avoid future debt problems. Specialists will help you cut unnecessary expenses from your budget. Knowing that you are working your way towards the goal of being debt free will help you lower the financial strain your bills have been putting on you and your loved ones.

Keep in mind that the majority of people who go through a debt management plan are not able to complete it. Often, debt management plans seem like a good alternative to bankruptcy, but keep in mind that they often don't work and they are costly. Even non-profit institutions who administer debt management plans charge fees to their customers. Also, bankruptcy often provides more relief in a shorter time period. But, if you don't qualify for bankruptcy, debt management plans could be the next best option.

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