
PAYDAY LOANS
READ THIS BEFORE YOU
APPLY

Demographics of Payday Loan Borrowers

Eliminating your dependency on Borrowed Money

Eliminating Consumer Credit Debt

Building and Maintaining Credit

PURPOSE OF THIS EBOOK

On behalf of Personal Money Store we would like to thank you for purchasing this eBook. PersonalMoneyStore.com is quickly becoming the World Wide Web's authoritative source on payday loans. But what really sets Personal Money Store apart from others on the web is that we don't want to just talk about payday loans, we want to talk about everything that is related to your financial well being. This would include things like, Money Saving Tips, Debt Consolidation, Credit Repair, Buying and Selling your home etc. If money is involved we want to educate you about it so that you can go away informed and confident in the decisions that you will make.

We also keep you up to date on current events. We have lots of writers which contribute to the site on a daily basis. When you get little time, we invite you to come and check us out.

How We Can Help?

Chances are you purchased this ebook to learn more about payday loans. There is a lot of both, good, and bad news floating around on the internet today concerning the payday loan industry.

The intent of this ebook is to not only to educate you on payday loans and the payday loan industry, but also to give you the facts and fallacies surrounding the industry to help you make an informed decision if you decide to borrow money. We also, and this may look like were stepping on our own toes here, want to help those of you who are borrowing money because of financial hardship. We have a surplus of money saving tips and tricks to help you decrease any dependency you may have on borrowing money as well as helpful strategies to get out of debt and build or maintain your credit.

Before we start however, it could be possible that a payday loan isn't the type of loan that best suits your needs and therefore not the type of loan that you are looking for. There are various kinds of personal loans, so let do a quick rundown of the different types of personal loans available and make sure that it is a payday loan that you are looking for.

WHAT TYPE OF LOAN DO YOU REALLY NEED?

Today there are loans for just about everything, whether it's a car, house or school loan that you need, there is loan to match. However, sometimes you may just need a personal loan, a loan that will serve some purpose that is unique to some individual or trivial set of circumstances that you have encountered or need financial assistance for. Circumstances such as these could be things like car repairs, a temporary leave from work do to death in the family or personal condition, or some other circumstances requiring the needs for some emergency funds.

Personal loans don't usually require you to disclose the reasons for the loan which you are trying to borrow. For some individuals, this is information that they would prefer not to share, making the personal loan option of particular value.

However when it comes to personal loans, there are many types of personal loans to choose from. We will attempt to bring to light some of these different loans and what dvantages each may provide you. The types of personal loans that we will discuss will be secured personal loans, unsecured personal loans, short term personal loans, and payday personal loans.

Secured Personal Loan

A secured personal loan is a loan issued by a lender who has been able to secure the value of the loan through collateral. Collateral in this case would be the assets of the borrower. Provided the borrower defaults on the given loan, the lender can put a lien against the borrower's assets to repay the loan. Secured loans are easy to get, provided you have a decent credit score and assets to put up as collateral.

When it comes to assets, only those assets of which the borrower owns can be counted as collateral. In other words, unless your car is paid off in full, it cannot be counted as yours because the lender who provided the financing for the car still holds the title.

The equitable portion of a home however, may be used as collateral in some circumstances, and is usually the most valuable asset that borrowers own.

Remember, defaulting on the loan forfeits the assets that the borrower has put up for collateral, so as a borrower, you should take serious consideration as to the amount that you plan on borrowing and what your monthly payments may cost you. Failure to do so may have you paying dire consequences.

Unsecured Personal Loan

An unsecured personal loan is just the opposite of a secured personal loan. In this scenario, the lender does not require you put up your personal assets for collateral, but this usually comes with a significantly higher interest rate as the lender is taking a larger risk than with a secured personal loan.

To qualify for an unsecured personal loan, your lender will take a careful peek into your credit history to both determine your credit worthiness as well as your interest rate. Keep in mind that these types of loans will be a little tougher to get approved for, but if you don't have the assets to put up for collateral this may be one of your only choices, provided you have a decent credit rating.

Short Term Personal Loan

Short term personal loans can be obtained both through your local bank or credit union as well as through online financial institutions. These loans are called short term personal loans because the borrower is usually required to pay back the loan within a shorter duration of time.

Interest rates are typically higher on short term personal loans due to their short funding cycle which allows the banks to make a reasonable profit from the use of their funds. There will often times be a maximum amount associated to short term personal loans that will be much smaller in comparison to the other loan options. These limits will typically be in the $15,000 to $20,000 range.

The amount you need to borrow will help you to determine the type of personal loan that you need.

PERSONAL PAYDAY LOANS

Personal payday loans are the most popular type of personal loans for several reasons. They can be acquired within just a couple of hours, the criteria required for approval is minimal, and for amounts up to $1500 dollars, you can have the funds directly deposited into your account.

Personal payday loans are given on repayment terms which are usually no longer than two weeks in length and the interest rate is usually between 15 and 30 percent of the loan amount.

For people needing a quick cash loan until their next paycheck, these loans can help take care of those unforeseen emergencies that arise from time to time.

Which Personal Loan Works Best For You?

You should now have a fair idea of the different types of personal loans that are available to you. If it is a payday loan that you are looking for, we will continue to address the topic further in chapter three, if you have decided that a payday loan is not what you need, we are glad to have saved you some time in your search, and would like to encourage you to skip to Chapter 5 & 6, and take advantage of the money saveing tips, credit repair and debt consolidation tactics that will help you regardless of your situation. You will be surprised and what you find! There are lots of ways that you can start saving money and improve your financial stability, starting today.

Advantages of Payday Loans

There are few financial tools that are as useful as payday loans are. Here is a quick list of advantages that make payday loans a valuable commodity to consumers.

Quick cash

Of course, the greatest advantage of payday loans is that they can bring you the much-needed cash need, almost instantly. Unlike borrowing money through a bank, you are not subject to the time delays and or stringent approval processes. You can get the cash you need and you can get it fast which is often times required in emergency situations.

Maintain your Credit Rating

There will be times that you may not have the necessary funds to pay all your bills in a timely manner due to some other emergency expenses which may have come up during the month. When this happens, delinquent payments are the result.

Unfortunately, delinquent payments lower your credit rating which is what creditors look at to determine your interest rates on finance options that you may take out on a home, car, or other purchase. Your home and car insurance rates are also determined by your credit rating, the worse your credit rating the more your interest rates will be on future purchases.

You can use a payday loan to your advantage by making sure that you don't make late payments thus avoiding a bad credit rating. This may cost you a onetime charge for the loan, but because marks on your credit report take 36 months to cycle off, you will likely save more money by taking out a payday loan than having to pay the rise in interest fees among your creditors for any additional purchases you make in the next three years.

Easy Application Process

When applying for a payday loan, there is no lengthy application or stacks of paperwork to read and or sign. The application process for a payday loan is very simple. You just have to fill out and submit a simple online application form which won't take more than a couple of minutes. If you have a computer with access to the internet, you can apply for a payday loan right from your home.

Minimal Criteria Makes Everyone Eligible

The greatest thing about payday loans is the ease of getting approval. With secure online applications such as at personalmoneystore.com, you can apply from the comfort of your own home and have the funds deposited into your account within as little as two hours. You have to be at least 18 years old and have a checking account for deposit of funds.

Do you have poor credit? No worries. Typically a credit check is not even required making almost anyone eligible. With an 80% approval rating you stand a high chance of getting approved and PersonMoneyStore.com does their best to match you with the best lender possible.

Facts And Fallacies of Payday Loans

The payday loan industry has become a touchy subject, especially lately. The frequency at which we are seeing this topic in the news, in the paper and on the internet has been alarming, but should it be? Are the opponents of the industry crying for justice because of malpractice on consumers, or are they just trying to drum up sympathy through accounts of irresponsibility to push there own agendas forward?

Currently there are eleven states that have passed laws which have pretty much banned these loans or made it impossible to operate a payday loan business. Another thirty five states are putting caps on interest rates which have made it difficult to operate as well.

Ohio which just past legislation to cap the industries APR rates at thirty six percent, will drop the revenue these stores earn per $100 loan from the standard $15- $25 to $1.08, forcing many to close their doors.

Wisconsin, one of the few states that have not placed any law against the payday loan industry has over 500 of these money lenders which did about $700 million in revenue last year. There is no doubting the popularity of these types of loans and if so popular why so much anti industry slander?

There is a prevailing image in the media that payday loan companies target minority and poor consumers. It is a convenient tactic used to portray payday loan businesses as predators that are concerned only with profit, at the expense of ensnaring hapless consumers in a "cycle of debt." This and many other arguments against the payday loan industry are addressed below.

PAYDAY LENDERS TRAP BORROWERS in a "Cycle of Debt"

Many claim that payday loans trap consumers in a revolving cycle of debt, pointing the blame and calling the industry a shame for its loan lending practices. The opposite side of the debate however, we have the industry which claims the irresponsibility is on behalf of the consumers. Which is it?

The biggest cause for the cycle of debt occurs due to the fact that folks allow there loans to roll over and thereby accrue additional fees. Because of this trend among applicants the finger tends to point negatively at the industry. Is this fair? After all, don't credit card, mortgage, and utility companies charge consumers additional fees or finance charges for failure to pay according to their terms also? Just how many times should a loan be able to lapse before a provider should be allowed to add a finance charge or penalty fee? Does a irresponsible borrower deserve the right to negate a signed contract for failure to pay?

Testimonies add additional pressure on the industry, you may have read many of them on the web or heard their sympathy enticing stories on the news about the burden of debt they have accrued by borrowing a payday loan. What you don't hear is exactly how that debt was accrued and the rundown on how the fees got ran up to the current dollar amount.

Here is one such testimony from a Nicole Thyrion who took out a $700 payday loan;

"It was a 700 dollar loan and I was paying back almost $1,900," Thyrion said, "When you first sign the contract, it sounds so good, it's just not that way when you are writing out the checks."

These types' of public testimonies against the industry by consumers are loud but weak. They try to drum up sympathy through a personal account of irresponsibility. Here Miss Thyrion and the press release this came out of leads readers to believe that there were hidden fees or a hidden agenda to rob her for $1200 more than she had originally borrowed. The facts however tell us that she didn't pay her debt according to terms that she originally agreed and signed her name to. She would have had to let here debt lapse several times at the most she should would of had to pay if the terms were met as agreed to by even the most expensive of payday loan providers would have been around a $1000.

Payday loan lenders offer some great services but unfortunately, they do not balance consumers' checkbooks. Only adults can apply for these loans so it would be fair to say that if an applicant misses or fails to make their payment according to the terms that they have agreed to, it would be their fault, not the industries. Be sure that you can handle the repayment of the loan before borrowing it. This is very important to avoiding ,miscellaneous unesaccary fees.

Many places that offer payday loans to consumers such as Personal Money Store, encourage their customers to exercise the responsible use of money. Spending some time on the personalmoneystore blog will adequately prove this point.

Payday loans are not discriminatory; anyone can apply and are given the right to do so but are also asked to meet the terms and conditions of borrowing the loan.

To think clearly on this matter, it is necessary to understand that it is not payday loans that cause borrowers' financial problems. Almost universally, it is their pre-existing financial problems and or spending habits that cause them to take out a loan that they can't payback therefore causing them a cycle of debt. Payday loans when used correctly and responsibly, can in many cases help consumer get out of the hole they're in.

Payday Lenders Charge 391% Interest Rates and Higher

Lobbyists against the payday loan industry exaggerate the truth to their own advantage in order to win over the public's opinion. The biggest exaggerated truth about payday loans is in regards to the Annual Percentage Rates charged by the payday loan lenders. The rates quoted by the opponents of the payday loan industry are not necessarily false but they are not explained in a way that is fair to both the industry and the consumer.

To further explain this, we will take the very argument used by opponents of the industry.

Opponent's Statement - "Payday loans charge 391% interest"

Consumers Understanding - Borrowing a payday loan may cost them 4 times the amount of the loan in interest charges.

The Correct Understanding - 391% is the Annual Percentage Rate. The Consumer would only have to pay this if they borrowed a two week pay day loan and allowed it to lapse for an entire year or 26 times in a row without every paying a dime towards their original loan amount.

Don't you love how politics work? Opponents of the industry simply fail to give the consumer a fair understanding of the issue. Before legislation passed in Ohio capping interest rates at 26%, 400,000 registered voters signed a petition supporting the payday loan industry.

These consumers were educated on the issue and did not want to lose the services which the payday loan industry provided them. They didn't want government legislation interfering with their freedom to choose how they want to spend their money. 26% APR rates, by the way, allow payday loan stores to only profit about $1.08 per $100 borrowed. It's no wonder 79 stores closed. Those which survived were more diversified in other businesses than their counterparts, which helped them when the caps fell on interest rates.

Payday Lenders Make "Obscene" Profits Off of Consumers

Studies by Dr's Lehman and Kilmer show that "as a percentage of revenues, profit margins for payday lending stores are lower than many other businesses, averaging between three and eight percent profitability." Sure, that's a profit, but it's hardly obscene. Payday lenders are businesses, and in order to stay in business, there must be some profit.

PAYDAY LENDING "STRIPS" MONEY From the Community

There is an exchange of services going on here. There is a cost to the consumer, but they are receiving the benefit of the loan. No critic has stepped forward with a cost-benefit analysis that proves this claim.

Payday Lenders "Prey" on Their Borrowers

It should be clear that fast payday loans businesses are like any other legitimate business. They provide a product consumers freely buy. Moreover, in a voluntary economic transaction, "predator" and "prey" are not apt terms. Free will and choice are involved. If anything, with an average borrower default rate in the industry of around 20 percent, "predatory" borrowers tend to victimize lenders.

Consumers Will be Better off Without Payday Loans

Solid evidence indicates people are worse off once loans are banned than before. See this **Federal Reserve Bank** study, paying particular attention to pages 20 and 26 re. North Carolina and Georgia and returned check rates.

This type of sensationalistic propaganda is easy to find, but the assertions are baseless. Hopefully the dispelling of the myths above will help you to fairly look at the industry that has is often a target of public attack.

Demographics of Payday Loan Borrowers

Some other facts need to be cleared up as well. Because of the bad publicity or perhaps other preconceived ideas, consumers feel a bad stigma towards the payday loan industry as many tend to think that payday loans are only for the poor or needy, others think that only minorities or the uneducated borrow these types of loans.

Using powerful online demographic analysis tools like those available from Quantcast.com, it's easy to see exactly what kind of traffic online payday loan stores like PersonalMoneyStore.com attracts.

As you'll see, the facts do not support the above claims notions.

Metric one: Male vs. Female

According to Quantcast's measurement, traffic to PersonalMoneyStore.com is 57 percent male, 43 percent female. Represented in terms of an online index, these numbers tell a different story.

But first, what is an online index? Quantcast defines it as follows:

A measure of how a given metric compares to an average, such as the average U.S. internet user. If a site indexes 100 in college graduates, that means a given visitor to it is as likely to be a college graduate as any U.S. internet user chosen at random. An index of 200 means the visitor is twice as likely to be a college graduate, 50 means half as likely, and so on. The higher the index, the better the site is at attracting that type of audience. Note that a high index does not necessarily mean a high percentage in an absolute sense. For example, approximately 5% of internet users in the U.S. are Asian. A site with an Asian index of 400 would have an audience four times richer than average in Asians, but Asians would still only constitute one visitor in five.

With this is mind, Quantcast's analysis of traffic to PersonalMoneyStore.com is more likely than average to draw male consumer traffic, while female traffic is close to average but slightly below. Perhaps this supports a popular belief that women tend to think more about having something set aside for a rainy day, while men on average tend to live more in the moment, dealing with problems as they occur. There are few studies that support this notion specifically, but a recent University of Virginia study regarding male and female Internet usage indicates that women are more likely than men to cite reasons for not using the Internet, with the predominant reasons being that they "don't need it" (58 percent of women surveyed, compared with 45 of men) or "don't want it" (58 vs. 43 percent). Perhaps this helps describe the larger percentage of males who use PersonalMoneyStore.com.

Metric two: Age

Regarding the dominant age for users of the Web site, 41 percent of users are age 50 or older, followed closely by 35-49 at 39 per-

-cent. Both of these figures are well above average Internet index figures (176 for 50 and older, 144 for 35-49). Fifteen percent of traffic is from users aged 18-34, while the remainder constitutes six percent of traffic. Perhaps the reason for this lopsided figure toward the older end of the spectrum is that more mature users tend to have more disposable income and know how to handle their money responsibly.

Metric three: Income

This leads us to the income breakdown. More than half of all traffic to PersonalMoneyStore.com (56 percent) earns $60,000 or more per year, which includes an above average number of users who earn $100,000-plus per year. This seems to contradict claims that no fax payday loan online portals are targeting the poor. Specifically, 28 percent each come from the $100,000-plus and $60,000-$100,000 groups, while 27 percent earn $30,000-$60,000 per year. It seems clear that PersonalMoneyStore.com users, if we are to take them as a reasonable representative sample of traffic experienced by online payday loan portals, does not target users you cannot repay their debts.

Metric four: Education

Increased earning potential and education go hand in hand. Recent U.S. Government studies show a clear correlation between a worker's level of education and average pay level. The higher the level of education attained, the higher the pay level on average. With this is mind, let's look at Quantcast's analysis of PersonalMoneyStore traffic to see if it is "exploiting the uneducated." Sixty-four percent of users have either graduated college (44 percent) or graduate school (20 percent), the latter being well above the Internet index average.

Minority Exploitation

The data also fails to support this spurious claim. PersonalMoney-Store.com traffic is 82 percent Caucasian and 11 percent African-American. Both figures are above the Internet index average, the latter significantly so (142).

Do Payday Loans Target Families Who are Overstretched?

This is another area where Quantcast dispels a myth. A whopping 80 percent of PersonalMoneyStore.com traffic has no children between the ages of 6 and 17. According to the 2000 Census, the largest percentage of American families were those who were married without children (28.7 percent), and the trend of fewer overall children per family has been increasing since the 1970s. Thus, exploitation of families with children by payday loan companies seems unlikely.

ELIMINATING YOUR DEPENDENCY ON BORROWED MONEY:

Identifying Habits That Cost You Money

USA Today quoted some interesting statistics based upon a survey asking consumers how they would spend an extra thousand dollars if given to them. The results were as follows,

- 31% would save it
- 24% would pay off debt
- 20% would splurge!
- 16% Would spend it on necessary essentials

It seems that most of the population is now making financially smart decisions. Paying debt, saving money, and spending it on essentials is what we should be doing. Especially now!

If you are among the 20% group who have, or would have chosen to splurge with that money, you should truthfully answer the following questions:

- Are your debts paid?
- Do you have a savings buffer?
- Are your immediate needs provided for?

If the answer to any of the above questions is "NO", then you have made the wrong decision. There is nothing wrong with splurging, but unless you can really afford to do so, all you are doing is enslaving yourself. The average American today owes over $8000 in consumer credit card debt and that sum is rising.

There are many bad habits that lead us into debt. I have outlined a few below. If you can personally identify with any of these, it would be wise for you to begin exercising a change in your financial habits in order to avoid any monetary pitfalls in the future.

What does "budget" mean to you?

Do you currently have a budget or plan of action for your monthly expenses and financial goals? If not, you need one! Some tend to think that a budget is just for those who are poor and need help making their expenses each month, but in reality we all should have a budget. Whether you make 20k, 100k or even more each year, a budget can help you to identify how much, and where your money is going. Without a budget, your ship may be afloat but you won't be the captain.

Charging Purchases

It wasn't that long ago that we all dealt in cash. The beautiful thing about cash was that if you didn't have enough for what you wanted, you simply could not buy it, and that was the end of it. Today, we have too many options like Visa, Mastercard, and Discover. If we don't have any plastic we can go draw some quick cash from a local brick and mortar, or online payday loan store.

All these luxuries that we have come to enjoy have their place and can be used responsibly to our own financial benefit. However, this is where discipline and responsibility are lacking with many consumers today.

If you use your card for all your monthly purchases, be sure that you do not go over the limit at which you can afford to payback at the end of the month. This may prove to be difficult and if so, get back into the habit of using and balancing a checkbook. With a checkbook your remaining balance is always before your eyes, and spending more than we can afford each month is more easily avoided.

Another alternative that I personally have found very useful from an accountability standpoint is putting a email notification on my credit card account. If your credit card provider provides this service to you via your online account control panel, you can get an automatic email notification when your balance reaches a set predetermined balance. Doing this will help you to avoid slipping further in the hole each month.

Paying off credit accounts

When paying off credit card debt, many try to pay off there lower balances first. This is usually a psychological game we play to make our progression to financial freedom feel faster.

If the interest rates on these lower balances are the highest of your credit accounts, you are following the right path as you always want to pursue your highest interest rates first as these will cost you the most over time.

Late Payments

One of the worst habits that will lead you into debt quickly is procrastination, being habitually late on your payments will not only add hefty late fees and charges to your already existing balance, but it will also raise the interest rates on your account. If the existing balance in the account is quite large, this could cost you hundreds of dollars in interest fees over the time it takes you to pay off the balance.

Minimum Payments

If you only pay the minimum payments on your account, then it would be safe to assume that you may never get out of debt. Minimum payments may make you feel like you are saving money because you have more in your pocket after paying your bills, but the amount you will pay in the long run for minimum payments will have you paying the maximum amount possible.

This can be demonstrated by the following scenario,

Let's say you have a credit card with a $1000 balance on it. The APR is 18% and your monthly minimum payment is calculated at 2.5% of your current account balance.

If you chose to only pay the minimum payment of $25 each month until your account was paid in full, it would take you 153 months or just under thirteen years.

On the other hand, if you set your sights on paying off the debt by paying $100 each month or $75 dollars above the beginning minimum payment, it would only take you eleven months to pay

MINIMUM PAYMENTS CONTINUED...

Paying as much towards the principal of your balance each month as possible is key to getting your revolving credit balances payed off. If you would like to see how long it will take you to pay off your debts at set set monthly or minimum payment, you can use the calculator at **Bankrate.com**

By taking steps to identify and correct these habits now you will save tens of thousands of dollars over the course of your lifetime. Take the step and you will be glad that you did.

Money Saving Tips And Tricks

You can create your own cash kickback by being conservative with your finances.

The way that your financial status is affected is solely base upon your individual decisions. These decisions refer to every purchase and or investment you make, as well as what you do each day to limit your financial liability.

Most folks who are overextended chose to be so, even if unwilling to admit it. There are almost always places where you can save money if you get your head in the game of doing so.

Here are some helpful examples and money making tips

1. Choose to have one phone only. Many people have both a cell phone and a home phone. Choosing one or the other instead of both can save you a sizable sum.

2. Opt for a cheaper cell phone plan. Eliminate the text option, lower the minutes etc.

3. Settle for a cheaper television package.

4. Cancel your home internet. Most people have access to the internet at work during their lunch break. If possible use this time during lunch or after work to fulfill your daily internet requests and cancel your plan at home. Most broadbrand users pay over $50 a month.

5. Shop smarter. Avoid the many snack and prepackage food options that are expensive and unhealthy. Examples of these types of foods would be things like Pop-Tarts, sugar cereals, ice cream and the like. Buy more nutrious and less expensive foods such as oatmeal with fruits and or nuts, cream of wheat or other whold grain food items.

You most likely have a local food outlet where you can obtain many foods and consumables for prices half of what you would expect to pay at the bigger grocery chains such as Safeway or Albertsons.

6. Take advantage of sales and available coupons for whatever it is that you are buying.

7. Most can save %10 to %15 percent of their monthly utility bills by doing things such as lowering the tempeture on the thermastat before leaving to work or making a cautios effort to take shorter showers and when washing laudry to wash fuller loads.

Worn weather stripping around your doors can make a significant difference in your heat bill as well. If you can see upon close inspection light bleed in from the outside around your door, you will want to replace this ASAP.

There are many other things that you may be able to think of as well. Remember, every little bit helps. A penny saved is a penny earned and has far reaching consequences if put in the right place. Much like your financial future a good one by making choice decisions today.

Debt Consolidation

Are your debts weighing you down?

I wouldn't assume that you are burdened with debt, but America's population consumes more than any other country on earth when it comes to water, oil, and of course retail merchandise. Do you have a bill or two that seems to be holding your head under water once in a while? If so, this article may help you breath more freely and comfortably.

Managing debt can be a long, slow, and tedious process, especially if you have to juggle multiple debts at the same time. By using debt consolidation tactics, you can put all your debt under one umbrella and save a little on those pesky interest payments in the long run.

When is it time to seek debt consolidation help?
Seeking help when it comes to personal debts can be a little humbling for some and many feel too embarrassed to seek out the appropriate help in times like these. Unfortunately, its this pride that will cause further peril the longer you wait.

A good time to seek debt help is when you experience the following:

You can only afford the minimum payments on your credit cards each month.

You begin to accrue debt to catch up with previous debts. An example of this would be using your credit card.

You write checks from one account to make a payment on an other for lack of necessary finances.

You are near or have maxed out your existing credit limits.

You may have picked up extra hours at work or took on an extra part time job just to make ends meet.

You find yourself using credit just to buy groceries or fill your tank.

You have just lost your job and don't know how you are going to make due on your payments.

If any of the above criteria seems to match your current circumstances you will want to begin thinking about what you can do to manage your debt before it gets out of control. Here are a few options:

Credit Card Transfers
This option may be available to you if you have upstanding credit. The credit card industry is a very competitive business and will usually provide balance transfer options to new subscribers that will provide

you with a 0% interest rate for the life of the transferred balance just to have you as a customer. If you're lucky the approved balance will allow you to consolidate more than one if not several of your other accounts. By only having to pay the minimum balance on that which was transferred, without further finance charges, you can focus on paying off other existing debts.

Home Equity Loans

This is perhaps the most popular form of debt consolidation. If you currently own a home with some equity, you can refinance the mortgage to pay off your debts and if you're lucky you may even get a lower interest rate while you're at it. What makes this option the most attractive is that it spreads your payments out over thirty years. This gives you some immediate relief and ties all your debt into one payment with your mortgage.

Retirement Funds

If you currently possess a 401k or retirement account, you may be able to borrow a loan against it. This should be a last resort for consolidating your debt as your 401k is meant to secure your long term financial future.

The nice thing about these types of loans is that you are paying interest to yourself, not the bank. Be aware however that if you quit your place of employment that is providing you with the 401k, your employer will expect full payment of the debt before you leave. If you choose this option you may be tying yourself down for awhile so be sure that this is something that you are willing to do.

Personal Loans From Family or Friends

This option I would consider carefully before proceeding with as well. Family and money don't always mix very well, and it can potentially ruin your relationship. However, if you feel you are close enough with a rich relative or family member you may be able to get an interest free loan. If that doesn't work and if they trust you enough you may be able to provide them with a money making opportunity by paying them an interest rate (cheaper than your current best options of course) for the use of their money.

Borrowing Against Your Life Insurance

If you happen to have whole life or permanent life insurance and have been paying into it for some time, you may be able to borrow against it. Obviously you signed up for your life insurance to help secure the financial future of a loved one in case of an accidental or premature death, so consider the consequences carefully. The nice thing here with whole life insurance is that you don't have to pay back the whole amount borrowed if you aren't able. It simply comes out of what would be given to the beneficiary upon your passing.

Your Local Credit Union

Credit Unions offer loans at interest rates that are typically lower than that of most standard banks. If your credit is still decent and you have identified your need for help before defaulting on your accounts, you may be able to apply for and get approved for a loan to pay off your creditors. Since most consumer credit card accounts carry interest rates around 20%, you may be able to lower your monthly payment and pay your debt off quicker with a loan from a credit union which will typically carry interest rates of around 10%.

Consumer Credit Counseling Agency

For many burdened by debt, this may be your best option. Nonprofit consumer credit card agencies provide counselors who work with and understand your situation as well as your need to get out of it. These counselors also have experience in dealing with and negotiating with creditors. With the stress and burden that you are already likely feeling, this a solution that will take care of the stressful leg work for you.

Typically, these agencies will take into account, organize and restructure all your outstanding debts as well as the payments you are making on those debts. They will likely get any accrued late fees you have accumulated waived and get your interest rates lowered as well.

Negotiate with your credit lenders on the premise of default

Be upfront with your creditors. If you feel you are about to go into default on your home mortgage, credit card or other consumer credit accounts, talking with your lenders may be all it takes to get you back on track.

Your creditors do not wish to see you go into default. If you express that you are on the verge of defaulting on your accounts or even worse, going bankrupt, your creditors are very likely to throw some more favorable terms your way.

Creditors are very much aware of the consequence of you going into default or bankruptcy. If this happens they will lose everything that you have left to pay them. If they can keep you paying your debt by extending you more favorable terms, they will.

No matter what your means of consolidation are, finding one quickly is essential to gain control of your debts before they begin controlling you.

ELIMINATING CONSUMER CREDIT DEBT:

Good Credit Strategies for Eliminating Debt

For some of you, you may have found us too late. Perhaps your reason for a payday loan is a result of trying to keep up to date on your payments with current creditors, and this month has found you falling short of your due dates. You may be in a significant amount of debt, frustrated with your creditors, facing default, or even worse, looking at bankruptcy.

If you are struggling through financial disparity and feel near of kin to the circumstances I've just mentioned, you have come to the right place.

We understand how lonely you may feel in these circumstances and want you to know that you are not alone. There are many others out there who are enduring similar circumstances. We here at the money blog want to help you, no matter what your financial situation is, to further enable and position you in a better place to create financial wealth for you, your family, and your future.

Is Your Ship Fairing Well?

When it comes to creating wealth, the first thing you need to be in control of is your finances. If you are not steering your own ship, or worse yet, your ship is sinking, then you must act quickly to mend the damage before you are left to drown with an anchor of debt around your neck.

Over the next several days we will discuss several topics in relation to debt, getting out of debt, and staying out of debt. If you have a few minutes to spare each day, I would like you to join me as we address these issues and others in an effort to give you the knowledge, the tools, and the resources to repair your ship, take control of the wheel, and sail off into the sunset with more hope of financial health, financial stability and financial security than you have ever had before. There are several strategies that Personal Money Store can help you implement that will put you back in the running to take control of your financial affairs.

Today I will leave you with some shocking national statistics to show you that you are not alone in your situation, and tomorrow we will begin addressing the issues regarding your debt and how to get rid of it.

US debt statistics. You are not alone!
Between credit, debit and retail charge cards, there is a total of 1.3 billion cards issued in America.The average household has thirteen cards.

Over $1.5 trillion dollars are charged to credit cards annually 40% of us households spend more then they earn.

The average American possesses $8400 in credit card debt and pays $950 dollars a year in interest.

96% of all Americans will be financially dependent on the government, family, or charity at retirement.

Nearly 1 in 100 households in the United States will claim bankruptcy.

Almost half of all Americans have less than $10,000 saved for their retirement.

Debt is a dangerous animal. It will take advantage of you today, it will take advantage of you tomorrow, and will continue to do so until the debt is paid off. As mentioned yesterday the average American pays $950 each year in debt. I don't know about you, but I could sure think of some better ways to put that money to use.

The Breaking Point

There is a pivotal moment that occurs when accumulating debt. One day you wake up to find that you are only able to pay the minimum payments on your debts and are strapped financially to do anything more.

Minimum payments are the subtle serpents of the credit world. Consumers all too often look at them as convenient and affordable but these serpents can really put the bite on you if you don't learn how to handle them correctly.

Creditors on the other hand, would prefer nothing more than for you to have to pay off your debts by paying just the minimum payment. Why? Because on just a $1000 debt, at a standard interest rate of 18% and a 2.5% minimum monthly charge on your balance, it would take you almost thirteen years to pay off the debt.

Due to the accumulated interest charges, paying the minimum payments on your debts does nothing but line the pockets of your creditors with your hard earned money. When dealing with multiple debts you can spend enough on interest each year that could otherwise have provided you some nice growth in your 401k.

If this sounds similar to your situation, your ship may be sinking and emergency attention is needed to prevent the situation from destroying your credit or even worse, giving you cause for bankruptcy.

Taking into account your debt load. How big is the hole in your ship?

Your circumstances may vary, and we will try to cover a couple different methods for helping you to get out from underneath your current debt situation. First I will assume that you are currently up to date with your creditors but have fallen into the minimum monthly payment routine and cannot afford to delegate any more funds than you currently are.

The first thing I would like you to do is write down each of your debts that you currently owe as well as the minimum monthly payment and interest rate that they are charging you.

Next, I want you to go to a website via the link below where you will find a payment calculator.

The True Cost Of Paying The Minimum

This calculator will allow you to input the necessary criteria for each of your debts and help you determine how long it will take you to pay off each of them. Don't lose heart because the results you will receive will look like a financial prison sentence for the next several years. The point here is to give you a clear picture of your financial outlook and to help motivate you to change.

Now that you have taken inventory of your debt and the cost to deliver freedom to your financial future, let's discuss how we can make these debts more manageable, and pay them off quicker, while potentially saving you thousands of dollars.

Stop Accruing Debt
If you can't stop spending, start cutting!

The first thing you need to do is eliminate placing new transactions on your credit cards and retail charge cards. Disciplining yourself to "just say NO!" to instant gratification is a must if you ever want to see yourself get out of debt. I would even recommend that you cut your cards up if need be in order to keep yourself from making unnecessary transactions, but I would not advise you to close your accounts at this time. We will elaborate on this later, but basically your account history helps your credit rating so if your creditors do not currently have any marks against you, keeping these accounts open and paying them off will be reflected very positively on your credit report. That said, it's usually a good practice to keep your open accounts to a maximum of three to five. If you have more than that, consider just keeping open those which are the oldest and have the best interest rates.

Balance Transfers
What you need to understand now is how the credit industry works. This industry is highly competitive for your business. If your credit is in good standing you may be able to take advantage of this rooster fight by taking a look at the many balance transfer options that are made available in an effort to win you over to the other side.

These balance transfers allow you to transfer one or multiple debts to a new creditor for a small finance charge which will pale in comparison to the interest payments you are currently paying on a month to month basis.

Usually these balance transfers will give you a transfer rate of 0% for twelve to eighteen months. This means that everything you pay each month will be going directly to the principal of the amount owed. This gives you a lot of time to catch up and minimize your interest payments.

Better yet, some creditors, like Discover Card in a recent promotion, will allow you to continue this 0% APR on the original transferred balance provided that you make at least three purchases a month. Although these purchases will be subject to a higher interest rate, there is no minimum on the purchase amount of these transactions. The idea here would then be to make each of these purchases as small as possible by buying cheap items such as candy bar, pack of gum or gallon of milk. You can continue doing this until the debt is payed in full.

If this option is not available to you, you should still be able to find some low interest rate balance transfer options. Any balance transfer is likely to provide you a better interest rate than what you are currently paying. Once the low rate on your balance transfer expires you can repeat this process to continue taking advantage of a low interest rate and pay down your debts much more quickly.

A Note Of Caution

As you go about looking at your balance transfer options be sure to isolate the best offers and apply for them first. This is important because inquiries made on on your personal credit by each prospective creditor will appear on your credit report and deduct from your credit score, which is an indicator of your credit worthiness. Isolate your best options first and apply for those, and then move down the list.

Revisit the Results

Once you have found a good, low-interest balance transfer candidate for consolidating your debts, fill out the application process. After approval go back to the payment calculator and determine your savings in both time and money over the life of the debt.

POOR CREDIT STRATEGIES
for Eliminating Debt

If you are further along in your struggle and have missed or defaulted on several payments resulting in a low credit score, this perhaps has prevented you from taking advantage of the low interest balance transfer options.

As poor as your credit may be, the credit card companies still want you to do business with them. But a poor record of missed payments and the like will prevent you from creating any new accounts with additional creditors as they will no doubt see you as risk. They only want your business under two conditions: the first condition being that you have some reputable credit and the second being that you currently owe them money. The second is what you will need to leverage to your own advantage.

Your creditors may not be happy with you, but as long as you owe them money, they are willing to do some surprising things to get some, if not all, of that money back!

Negotiating With Your Creditors

Often times, if you are defaulting on your payments, creditors will be willing to negotiate a settlement with you. At this point they will start to focus more on what they can get back from you and not so much on what you still owe. Credit debt can often be negotiated down to around 25 to 50 cents on the dollar so if you had $50,000 in consumer credit debt, you could likely negotiate that down to as low as $12,500. This would be a dramatic change in the amount of financial stress you are currently shouldering. However, there are some catches that you must be aware of when committing yourself to these negotiations.

Consider The Consequences

First of all, negotiating down your debt will not allow you to finish paying off what you owe and then walk away with a spotless credit rating. Your credit score will be negatively affected for a period of seven to ten years before finally dropping off your credit report. Therefore, you will want to take careful consideration of your financial plans in the future.

If you are already defaulting on your payments, your credit is already blemished. Late payments of 30, 60, and 90 days or more, have already been reported to the credit bureaus, and will plague your credit score for at least thirty-six months before disappearing. So keep this in mind as well.

The big question for you then would be, “is it worth it?” Depending on your debt load, it just may be.

Bankruptcy May Be Your Best Option

Another thing to consider if choosing to negotiate your debt down is how much will you still owe once the debt is negotiated? Furthermore, how long will it take to pay off the negotiated balance?

Whatever debt is forgiven during the negotiations is looked at as “phantom income” by the IRS, so depending on the amount forgiven, you could be looking at a hefty tax bill come the end of the year. Consider also that this might bump you into a different tax bracket that may be a disadvantage to you. The last thing you want is a bill from the IRS that you cannot afford to pay. Your current financial problems pale in comparison to what they would be if you get yourself in trouble with the IRS.

Also, if the amount of the negotiated balance is 50% or more of your yearly income, it may be just better to claim bankruptcy. This is not something to be proud of, but the fact is this, your credit is going to be marred for quite sometime as is, and if it will take you longer then 7 to 10 years to pay off your negotiated balances then bankruptcy is your best option as it will roll off your credit report in the same amount of time. The only difference is that you wont be burdened by a debt in the mean time.

Bankruptcy is not fun to think about, but it may be the best thing you can do for both yourself and your family. Once done, you will be building your credit from scratch. Learn from your past mistakes and move on.

BUILDING AND MAINTAINING YOUR CREDIT

Good Credit and Financial Success Go Hand In Hand

A big part of financial success depends on building and maintaining your personal credit. Everyone has a credit scored assigned to them as determined by the nations three leading consumer credit bureau's. The credit score is then used by creditors to judge an individual or entity's reputation of financial responsibility. The higher the score, the better the reputation, which then provides more opportunity to an individual to obtain goods and services through credit. Good credit will significantly reduce your interest rates as well as provide you with the opportunity to borrow larger sums of money for times such as buying a car, a house or investing in a business opportunity.

Establishing a higher credit score will also allow you to obtain a line of credit with your bank. This then allows you to have access to funds on a regular basis without prior approval. Lines of credit such as these are extremely beneficial to small business owners and investors as well.

You have probably heard the old saying "It takes money to make money". Opportunities to make money and or grow a business are largely dependent on your personal credit.

So how do you know what your credit score is?

The three main credit bureau's which hold your financial well being in the balances are Equifax, Experian, and Transunion. These three agencies will each give you one free credit report a year. Additional reports can be obtained but will cost you. You can avoid these expenses by choosing to download your credit report once every four months using a different agency each time. This will also allow you to periodically review your credit for discrepancies.

All credit scores are not the same because each credit bureau uses its own scoring mechanism. Many lenders use a third party credit scoring system such as FICO to evaluate the credit worthiness of a borrower. This systems takes into account the scores of the three leading agencies.

The chart to right will help you get a feel for what number accounts for a good credit score. The average US credit score is 678. A score of 750 or higher is highly reputable and all but guarantees you approval.

Maintaining a Checking and Savings Account

One of the first things you will want to do is establish a savings and checking account with your bank. If you don't currently have one, now is the time to get one. Possessing and maintaining a bank accounts is a good step to establishing credit. The older your accounts become without incidents such as overdrafts or bounced checks and the more savings you accrue by making regular deposits into your saving's account, the more stability and responsibility you will be able to show as a consumer.

Pay Your Bills On Time

Paying your bills each month on time and every time is absolutely crucial to establishing and maintaining good credit. It does not matter how big or how small the balances are, if payment is overdue by thirty days or more and is turned over to collections, the incident will be reported to the credit bureau's and you will receive a penalty that will affect your credit score for the next 3 years as it takes 36 months before a late payment is cycled off of your credit report.

If times are tight and you are faced with a decision to pick and choose which bills to pay, it is smartest to pay bills such as your mortgage payment and all personal credit card bills first. These types of creditors will penalize you and report late payments that will hurt your score. If you have to let a bill lapse, let it be a utility bill or the like. These companies tend to be a lot more lenient and cooperative with setting up payment plans and so forth and avoid reporting to the collection agencies unless absolutely necessary

Keep Your Credit Card Balances at a Respectable Level

When it comes to consumer credit cards, be advised that just making your payments on time is not enough to please the credit bureaus. A close eye is also kept on the outstanding balance as compared to your available credit. You should never use more than thirty to fifty percent of your total available credit. Tapping your credit cards makes you look like you are a risky overspending consumer. Keeping your balance to the lower end of this range will pay back big dividends in terms of credit worthiness. The best solution is to keep your debt to a minimum.

If possible keep your balances at zero by paying off your statments in full each month. Remember, your accounts don't have to carry a balance to establish credit, they just need to be in good standing.

When Was The Last Time You Had A Piggy Back Ride?

One of the easiest ways to establish credit is to piggyback on someone else's credit. Ask someone you know and trust, and who trusts you, to let you be a card holder on one of their accounts. They don't have to actually give you the card to hold or use but by simply listing you as a card holder, their credit account information will show up on your credit report thus giving you a positive boost to your credit ranking.

Dealing With Past Debts

When dealing with past debts don't let them take precedence over your current debts. The newer the reported debt or delinquency the more debtrimental it is to your personal credit. Paying off a past collection will not remove the incident from your report so be sure to keep your current bills current and deal with the past as you get around to it. The past will eventually disappear. Negative credit history depending on the type cannot stay on your report for more than seven years with most incidents leaving after three.

Although we don't promote financial irresponsibility, if you have a large outstanding debt and or judgment against you already, it may be beneficial for you to know that the statutes and limitations for a creditor to collect a debt. This is usually around four years. Every time that they receive a contribution to this outstanding balance the statute of limitations is renewed and starts over. If your consumer debt is going to take you longer than four years to pay off, it may be better to focus on the future and not make the same mistakes next time. Once the statute of limitations expires you will have to wait the additional thirty six months before the incident leaves your credit report.

Thinking About Applying For That Job

Alert! More and more employers are now making it a requirement to run credit checks on applicants before choosing to hire them. This is sound reasoning as a higher score means more financial responsibility. To the employer this speaks volumes about who you are and how responsible you are. The employer wants a consistently hard working individual who is both on time and responsible. Your credit report they believe may tell them just what they need to know before hiring you.

In Conclusion…

When it comes to credit, responsibility is key. Learn to budget and manage your money and never spend more than you can afford to pay back. Building credit is a slippery slope and those who catch the "Buy Now and Pay Later" bug we'll end up paying later in a big way.

Because credit determines your interest rates on consumer credit cards, mortgage loans, auto loans etc. A healthy credit score will save you thousands of dollars over your lifetime. It's an endeavor that requires diligence and patience but its returns are irrefutable and highly valuable.

How Credit Bureau's Will Judge You

When credit bureaus are determining your credit score, they tend to do so by looking at the following characteristics evidenced on your credit report.

1. Late Payments

Are you headed down the right road when it comes to your credit? This is an obvious one but it cannot be stressed enough. If you have delinquent payments on your report, lenders of whom you wish to do business with will harbor some fear of you repeating this bad behavior. Remember, late payments will plague your report for three years before eventually getting cycled off.

Avoid late payments to your creditors any way that you can. As a last resort, you can always get a payday loan to avoid a late fee or delinquent payment from being reported to the credit bureaus. This is a far less costly solution to you in the long run as the interest rates that you will have to pay over the next three years with any new lenders will be higher due to the reported delinquency. **DO NOT MAKE LATE PAYMENTS!**

2. Spending Habits

How you tend to use your credit is also a criteria examined by the credit bureaus. When looking at your credit accounts and account balances they are able to determine just how conservative you are as a consumer spender. If your credit lines are maxed out or close to you available credit limit, you would be considered much more of a risk.

In contrast, avoiding a revolving credit balance by paying your consumer credit cards off at the end of each month or billing period will show you to be a far more conservative spender and therefore less of a risk to lenders.

Just because you make your payments on time does not mean you will have good credit. Your spending habits can byte you in more ways then one

3. Age of credit

There is know way to say exactly what model the credit bureau's use to score your credit as this information is proprietary and confidential. However, the length of time over which you have established positive credit history is likely a key factor in your score as well. Establishing good credit is a lifestyle of financial responsibility as your score is factored over many criteria including your time of good standing.

4. Number And Frequency Of Creditor Inquiries

Every time you apply for a consumer credit card, car loan, home mortgage etc., you incur a credit inquiry on your report. A credit inquiry is a creditor obtaining your credit information via your consent and social security number. The more inquiries that you have over a give period of time can greatly affect your credit scored as new lenders see a barrage of financial responsibilities that you may be responsible. This makes you seem a little more risky as lenders may believe you're overextending yourself.

5. Credit Variety.

There are different types of credit that you can be approved for. Credit bureaus look for a variety of installment loans and revolving loans. These would be as mixture of auto, credit cards, retail and etc. Installment loans are loans that a person borrows once and makes payments until the balance is payed in full. Revolving credit are credit loans that has a revolving balance where regular payments are made which each frees up more access to money.

Maintaining your credit is an area of your life that you cannot afford to disregard. On your mortgage alone you can save ten of thousands of dollars on a thirty year fixed mortgage by having a fair credit scored over a poor one or an exceptional credit score over a fair one.

Bad credit is a bleeding would in your financial affairs and because it takes time to heal your credit, now is the best time to apply the dressing.

Unfortunately with all your well doing, the credit bureaus themselves can sometimes make a mistake on your credit report. Stay tuned to blog to find out how you can clean up discrepancies which have been made on your credit report as well as how you can combat your creditors' judgments against you.