

# Consolidating Debt

## Things to consider

Consolidation means that your various debts, whether they are credit card bills or loan payments, are rolled into one monthly payment. If you have multiple credit card accounts or loans, consolidation may be a way to simplify or lower high-interest-rate debt. Please note, however, that a debt consolidation loan does not erase your debt.

### **Before you use a consolidation loan:**

- » Take a look at your spending. It's important to understand why you are in debt. If you have accrued a lot of debt because you are spending more than you are earning, a debt consolidation loan may not help you get out of debt unless you reduce your spending or increase your income.
- » Make a spending plan. Figure out if you can pay off your existing debt by adjusting the way you spend for a period of time.
- » Try reaching out to your individual creditors yourself to see if they will agree to lower your interest rates. Some creditors might be willing to waive certain fees or change your monthly due date to match up better to when you get paid, to help you pay back your debt.

### **Debt Consolidation Loans**

Banks, credit unions, and installment loan lenders may offer debt consolidation loans. These loans collect many of your debts into one loan payment. This simplifies how many payments you have to make. These offers also might be for lower interest rates than you are currently paying.

### **What you should know:**

- » Many of the low interest rates for debt consolidation loans may be 'teaser rates' that only last for a certain time. After that, your lender may increase the rate you have to pay.
- » The loan may also include fees or costs that you would not have to pay if you continued making your existing payments.
- » Although your debt consolidation monthly payment might be lower, it may be because you're making payments over a longer time. This could mean that you will pay a lot more in interest overall.

For more information, see <https://www.consumerfinance.gov/ask-cfpb/what-do-i-need-to-know-if-im-thinking-about-consolidating-my-credit-card-debt-en-1861/>

*The information in this publication does not contain financial, investment, tax, or legal advice and cannot be construed as such or relied upon for those purposes. Please consult your own investment, tax, or legal advisors for qualified professional advice in these areas.*



Advisor Line: 801-366-7470

**Trust • Commitment**  
**Value • Innovation • Excellence**

<https://fwcalculators.urs.org>