



### What is a Debt Management Program?

A debt management program will help you get out of credit card debt and some consumer debt by lowering your monthly payments and your interest rates so you can pay off your unsecured credit card and consumer debt balances within a reasonable amount of time.

Debt management programs are NOT like debt settlements. You are not putting your money into a trust account and you are not asked to stop making payments. With a debt management program you will be paying your creditors with an affordable monthly payment until your balances are paid in full.

Debt management programs are quickly becoming an industry standard and will soon be recommended first before a person looks into bankruptcy.

They are required to give you financial help in three areas:

1. Help with your interest rates
2. Help lower your monthly out of pocket expenses
3. Give you savings on a daily basis

The creditors are involved in these debt management programs. The interest rates are set and fixed nationwide with any company that you go with. The creditors offer these low interest rates to the enrollment companies because they have an established relationship with the creditors.

One of the most important things that a debt management program will do for you is get you out of daily interest charges and put your accounts on simple interest. Simple interest only charges you interest once a month as opposed to every single day. The majority of your savings will come from the daily interest that converts to simple fixed interest.

Using a debt management program to get out of credit card debt should not have any negative impact on your credit score. The only way there will be a negative impact is if you make your payments late or if you take an action that would normally lead to a lower credit score, for example; making a partial payment can be regarded as negative.

Once you are finished with a program you may reactivate your accounts or open new ones. Any accounts that you include in a debt management program will be closed during your program so that your credit rating does not take a big hit. You may leave an account out of the program for emergency purposes and you may also add an account to your existing program at any time. For example, if you had a credit card with a very low introductory rate you would not want to enroll that account into the program until the rate on that card increases and at that point you can put it into the program at no charge and get the rate lowered and fixed.

A debt management program is not all about trimming interest rates - the real savings and benefits of these programs is with the daily interest converted into simple fixed interest.

For more information visit: <http://www.get-out-of-credit-card-debt.org>