National Debt Relief, Version 1.0

Debt Relief Options

An Informative Report

NATIONAL
— DEBT RELIEF —

Contents

Are You Struggling with Debt?

If you or a loved one is struggling with debt, you know that it affects every aspect of your life. Not only does it leave you feeling insecure and helpless, but the stress seeps into your physical and emotional health -- and your relationships, creating strain in marriages, families, and friendships.

You're not alone. There are hundreds of thousands of people who are going through the very same trials. Many borrow money, getting only temporary relief and adding to the debt, which eventually piles up -- leaving them in a bigger hole than they ever imagined.

If your debt has grown beyond a simple fix, you many not know what options are available to you. You might even be considering bankruptcy.

LET US STOP YOU RIGHT THERE.

While there may be a good reason to take that long-term, destructive step, it can frequently be avoided if you know your options. But first you need to determine what sort of help you need and evaluate your financial situation, by honestly answering a few important questions.

Financial Assessment (1 of 4)

How secure are you with your annual income?

A Extremely secure
B Somewhat secure
C Somewhat insecure
D Extremely insecure

How has debt impacted your finances in the past 5 years?

A Almost no impact on finances
B Fairly manageable impact
C Somewhat unmanageable impact on personal finances
D Immense impact on personal finances

How often do your monthly expenses exceed your income?

A This never happens
B This happens one to two months out of the year
C This happens three or four months out of the year
D This happens five or more months out of the year

Financial Assessment (2 of 4)

Do you prepare a personal monthly or weekly budget?

A Yes, I always prepare and stick to a budget

B I try to keep up with a budget, but occasionally lapse

C I have tried to keep a budget, find it difficult to follow

D I do not prepare a personal budget at all

How easy or difficult is it to stay within a monthly budget?

A It is very easy for me

B I occasionally lapse

C I seem to struggle with this more than others

D I find this very difficult or impossible to do

Do you feel like you have sufficient money for entertainment?

A Yes; we have a lot of fun

B Yes; we enjoy the basics

C We rarely can afford entertainment

D We can't afford entertainment

Financial Assessment (3 of 4)

Do you set aside money regularly for the future/emergency?

A Yes, on a consistent basis

B Frequently, but not consistently

C Sometimes, if I have any extra money

D I don't or can't afford to set aside money

How many credit cards do you have?

A I don't have any credit cards

B I have one or two credit cards

C I've got three or four credit cards

D I have more than four credit cards

Do you borrow money or use a credit card to pay of debts?

A I have never done anything like that (and would not)

B I am seriously considering this as a practical option

C I have already done this in the past once or twice

D I have done this several times

Financial Assessment (4 of 4)

Do you follow a strict regimen to pay off your debts?

A Yes I always prepare and stick to a budget

B I try to keep up with a budget, but occasionally lapse

C I have tried to keep a budget, find it difficult to follow

D I do not prepare a personal budget at all

Have you ever made unrealistic promises to creditors?

A I have never done this

B I have don’e this once or twice

C I have done this more than a few times in the past

D This is something I frequently do

Is the stress of your debt affecting your health or relationships?

A Financial stress has not affected my health/relationships

B It has had a slight affect on my health/relationships

C My health/relationships are affected by the stress of debt

D My health/relationships are very affected by the stress

Calculate Your Financial Assessment

Score your assessment using the following key:

A = 10 points B = 7 points C = 5 points D = 0 points

101-120 points

Is a perfect or near perfect score. You're probably not truly struggling at this point. You may be interested in educating yourself about consumer debt and protecting yourself from potential financial pitfalls.

80-100 points

Indicates that you're in good standing. The situation isn't ideal, but it's still manageable. With a little planning, you can successfully pay off the debt and land yourself in a much better financial situation. While you may be facing some overwhelming debts at the moment, there's a good chance that you can get yourself back on track fairly easily. Learn a bit about your options and avoid extreme measures.

60-79 points

Indicates that you are truly struggling, though you have options. You're in a complicated and unstable financial situation that's affecting your quality of life. It's going to be difficult for you to pay off all your debts, but not impossible. You're feeling the weight of your debt, looking for a practical solution, and seeking sound advice.

Below 60 points

Indicates that your situation is quite serious and you need to seek advice from a qualified debt relief professional. You need immediate and comprehensive debt relief options. There's always hope, but you need help.

Debt: The Best Ways To Get Help

To get you started on the right path, this report provides an introduction to the various methods that debt relief experts and consumers just like you are using to combat debt and financial instability. These include debt reduction, debt consolidation, and debt settlement -- all excellent ways to tackle debt head on, without a lot of upfront fees and false promises. Let's take a look at the pros and cons of each.

Debt Reductions (1 of 2)

Debt Reduction involves two distinct approaches, frequently promoted by financial gurus for successful debt reduction. These include-the Snowball and Avalanche Methods.

Snowball Method

For many, it's this method that makes it possible to repay debt:

1)
Create a list of debts, ordered from lowest to highest balance. Ignore interest rates.

2)
Pay more than the minimum on the debt with the lowest balance.

3)
Then pay the minimum on all other debts.

Repeat monthly until the lowest debt is paid off. Then move up to the next lowest balance.

Pros & Cons

This approach takes some pressure off and provides a mental boost of confidence. But, it doesn't take interest rates into account. As you focus on settling your smallest debt, the ones with the higher interest rates are piling up.

Snowball Method Example

Credit Card 1	$1,500	$60 Fixed Pay (Above Minimum Due)
Credit Card 2	$3,500	Pay Minimum
Student Loan	$12,000	Pay Minimum
Auto Loan	$15,000	Pay Minimum

Note that the minimum payment is paid on other accounts until the lowest debt is paid off and the interest rate is not noted or considered to be a factor.

Debt Reductions (2 of 2)

The Avalanche Method

Perfect for those who don't need additional motivation or a sense of moving forward quickly:

1)
Create a list of debts, ordered from highest to lowest interest rates. Ignore the balances.

2)
Pay more than the minimum on the debt with the highest interest rate.

3)
Then pay the minimum on all other debts.

Once the highest-rate account is paid off, focus on the debt with the next highest rate.

Pros & Cons

In this approach, your interest doesn't pile up as quickly as the Snowball Method. Since you tackle the debt with the highest interest rate, you limit the interest payment, saving money in the long run. However, using this method takes longer than the snowball method and can be tedious and difficult to follow through with.

Avalanche Method Example

Student Loan	15% APR	$300 Fixed (Above Minimum Due)
Auto Loan	12% APR	Pay Minimum
Credit Card 2	10% APR	Pay Minimum
Credit Card 1	7% APR	Pay Minimum

Note that the interest is the most important factor, here, and balance is not considered.

Debt Consolidation Loans

Debt consolidation is the plan to consider when debt reduction is no longer a viable option. There are a few different types of debt consolidation loans, with terms that vary by lender and program. These loans will combine all your debts into a single debt with the convenience of just one monthly payment.

Personal loan. This unsecured loan has fixed payments over a fixed term. But many banks only offer a loan if you have a good credit score. If you don't, it may mean denial or a higher interest rate – which means you may not save money over your current credit card interest rates.

Home equity loan. These tend to have a low variable or fixed interest rate, making them attractive. However, your home acts as security for the loan. The main disadvantage is that your home stands at a risk of being repossessed if you don't repay the loan.

Credit card balance transfer. This involves shifting all your credit card balances from several credit cards into a single credit card. The transfer rates are normally low or 0% rates which will later expire, after which the interest rate may increase significantly.

Pros & Cons

Debt consolidation can be a great way to lower your monthly payments, reduce your interest rate, and simplify the process of paying back what you owe. But it isn't risk-free. You may wind up paying more in interest over time. Plus, if you don't change your spending habits, you may wind up deeper in debt than when you started.

Consumer Credit Counseling

Consumer credit counselors provide you with a Debt Management Program and experts who can guide you through a practical debt repayment structure. There are still risks, and you have to be well-informed before enrolling with this sort of program.

You'll be assigned to a counselor who'll sit with you to discuss your financial situation. Your debts will be analyzed and, for a minimal fee, a Debt Management Plan (DMP) will be developed. This is done in conjunction with the credit counselor and your creditors and should lower your minimum monthly payments through negotiations for lower interest rates. The plan is designed to help you pay off your debts in a practical and comfortable way over a period of two-to-six years. Once an agreement is reached, it's set into motion, and you send a monthly payment to the credit counseling service to divide among your creditors. You'll also have the benefit of credit education services to help you better manage your weekly and monthly budgets.

Pros & Cons

This service can help you make a plan for achieving your financial goals and addressing your credit and debt issues. However, use of the service will be noted on your credit report, which conveys that you couldn't handle your finances on your own. Consumers may have their credit damaged and be in an even worse financial position if obligations in the DMP are not strictly paid.

Debt Settlement (1 of 2)

Depending on your situation, it's entirely possible that you'll never be able to completely pay off all of your debts with your current income, without assistance. That's where debt settlement can help.

What Is Debt Settlement?

It's the process of negotiating outstanding debts, using a combination of debt forgiveness and a reasonable payment plan to help you get on top of your finances again. You must contact each creditor individually to try and get them to:

Settle: Take a lump-sum payment less than the amount that you owe.

Forgive: Dismiss the remaining portion owed.

Renegotiate: Rework the terms of the negotiated amount with a new payment plan that you can handle.

But trying to do this on your own can be tricky. Knowing what to say (and what NOT to say) is critical -- or you could make your situation worse.

That's why many people choose to use a professional instead -- like the experts at National Debt Relief, who can help you achieve these benefits:

1) Significantly reduce your debt

2) Lower monthly payment

3) Debt relief within 24-48 months

4) No more collections calls

5) No need for bankruptcy

Debt Settlement (2 of 2)

At National Debt Relief, we take care of every detail. We've established relationships with over 10,000 creditors and typically save our clients an average of 50% on their debts (excluding fees). Our fee is 18-25% of your enrolled debt. But you'll still realize significant savings. And no fee is charged until your debts are settled.

The Pros and Cons of Debt Settlement

The biggest advantage is that it can considerably reduce your debts. With a good strategy, you can get creditors to forgive almost half of what you owe them or even more. You can also pay off your debts within 24-48 months.

But, debt settlement will have a negative impact on your credit profile through missed or late payments. The good news is, your credit score should begin to rise as your debts are paid off.

Debt negotiation is not applicable to everyone. You have to be in a considerably difficult financial position in order to convince the banks and credit card companies that the only way you can pay off your debts is by negotiating a settlement.

Bankruptcy (1 of 3)

You've read through your options, researched them, perhaps even tried paying off your debts in one way or another, but nothing has worked for you so far. Your financial condition seems to be getting worse with time and nothing is working out for you.

Is It Time To File For Bankruptcy?

The most unattractive issue with bankruptcy is that it could affect your credit report for up to ten years. Employers may be unwilling to hire you. Getting any kind of loan or buying or mortgaging a house or a car will be difficult. However, if you're in an irreversible financial hardship, bankruptcy may be your best option. The banks will be forced to cease and desist with their collection efforts. You don't have to pay your creditors anymore, and bankruptcy offers you a chance to start over again, with most of your debts erased depending on which type of bankruptcy protection you qualify for.

Ask yourself a few questions before you file for bankruptcy.

1) Is your monthly income lower than the state median for your family?

2) Is your debt-to-income ratio more than 40%?

3) Have you determined that other options are not practical for you?

4) Are you about to lose property?

5) Have you had a lawsuit filed against you and/or received notice to appear in court due to an inability to pay your debt?

Two Types of Bankruptcy (2 of 3)

Even though the general goal of bankruptcy is to clear debt, not all bankruptcies are created equal. See below for the two that apply to consumers. Bankruptcy is a federal procedure that allows the person filing to discharge his or her debts or repay them under a supervised bankruptcy plan. For consumers, there are two primary types of bankruptcy: Chapter 7 and Chapter 13.

Chapter 7

Chapter 7 bankruptcy is the easiest, quickest and most common type of bankruptcy. It allows a consumer to discharge or eliminate most classes of debt. This type is also known as a "straight" or "liquidation" bankruptcy. Any non-exempt properties like antiques, second cars or homes will be liquidated to pay off your debts.

Chapter 13

Chapter 13 bankruptcy is a "reorganization" bankruptcy. It allows you to keep your business and other assets. In this case, the consumer makes monthly payments into the bankruptcy plan for 3-5 years, based on what he or she can afford. Some debts must be paid in full, while other debts may be partially paid or not paid at all depending on the specific circumstances.

As soon as the consumer files either chapter of bankruptcy, an "automatic stay" is triggered, which acts as a restraining order against most of the individual's creditors so that they can't continue to collect a debt, pursue a lawsuit, or garnish wages or bank accounts. In certain circumstances, the bankruptcy stay may be lifted, or may not apply at all depending on the type of creditor.

Bankruptcy (3 of 3)

The Pros and Cons of Bankruptcy

Getting rid of most of your debts gives you a chance to start all over, with considerably less pressure on making ends meet. Many see it as a fresh start. The most obvious downside of bankruptcy is that it can affect your credit profile for up to ten years. This has a negative impact on your chances of getting a decent job or finding anyone willing to sell you a house or car. Banks will be unwilling to give you a loan if they see that you've been unable to pay your debts in the past.

There are also several loans that are considered "non-dischargeable," which you'll have to continue paying after bankruptcy. These include student loans, alimony, child support, taxes, government penalties or fines, and debts incurred due to fraud.

If you answered yes to the questions on the previous page, you're already bankrupt. You'll need to prove your eligibility for filing for bankruptcy. If your monthly income is below the state median for the last six months, you're automatically eligible for bankruptcy.

Bankruptcy is a legal process and any decision relating to such should only be made after careful consultation with an attorney who practices bankruptcy law. National Debt Relief does not provide legal advice or consultation, and the information on bankruptcy contained in these materials are from publicly available sources.

We're here to help.

Struggling with debt is never easy. For many, the road to financial stability can be overwhelming. But, it doesn't have to be. Let us guide you through your debt relief options, and help you decide on the one that's right for you. Since 2009, we've successfully helped hundreds of thousands of people get out of debt. We're one of the country's largest debt relief companies and pride ourselves on our accreditations which include:

Over 75,000 five-star reviews of the National Debt Relief program across top review sites

A team of debt arbitrators certified through the IAPDA (International Association of Professional Debt Arbitrators)

Let us handle your debt relief strategy, so you can focus on the things that matter most: family, career, and living life to the fullest.

Start Now

Call us:

800-587-0819

Apply at:

nationaldebtrelief.com