

## BUSINESS

# Being brave and consolidating your debts

About half the respondents with \$6,000 in credit card debt told pollsters they had never tried to consolidate their debt.



There are several ways to consolidate credit card debt.  
Photo Credit: Matt Cardy / Getty Images

**By Sheryl Nance-Nash**

Special to Newsday

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In a recent Student Loan Hero survey of more than 1,000 people with about \$6,000 in credit card debt, 52% said they had tried to consolidate that debt.

Why not? According to the survey, reasons included, "I'm afraid it will hurt my credit score," "I'm worried about getting scammed," and "It seems like too much work."

Is such hesitation warranted? What's the deal with consolidating credit card debt?

- How to

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You can consolidate in several ways.

You can work with a credit card issuer to move the debt to a new credit card.

You can move it to a personal loan with an independent lender.

Some people take out a home equity loan to pay off the credit card debt because the home equity line of credit offers a lower interest rate. However, taking a home equity loan puts your home at risk if you can't make your payments.

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- The pros

You can pay off several bills at one time and roll those debts into one.

You eliminate the multiple accounts, an action that could increase your credit score.

Your payments become lower than if you

tried to pay off each credit card individually.

Better yet: You may get a lower interest rate on the new loan.

- The cons

It's not easy. "Determine how much debt you have and what you can afford to pay, and then negotiate with the credit card companies to see if they will agree on that amount. If not, then both sides will have to give and take until they hammer out a number that works for everyone involved," says Tanya Hobson-Williams a lawyer in Jamaica Estates, Queens.

Consolidating your debt comes with a few fees, including an origination fee and a late fee (if applicable). "While an overdraft fee or a late fee are the most common, be extra careful when missing a payment due to high fees on most debt consolidation accounts. More often than not, credit card companies charge an origination fee that cannot be avoided and is automatically deducted from your loan amount," says Natasha Rachel Smith, a personal finance expert at TopCashback.com.

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