



Finding Debt Relief in Stressful Financial Times

In 2002, the Federal Reserve cut interest rates eleven times in an effort to jumpstart the American economy. Job losses have been high and the stock market values remain low; consumer debt is high and consumer confidence is low.

According to the Federal Reserve, U.S. consumers owe \$1.73 trillion in credit card bills, auto loans and other loans excluding mortgages through the end of August 2002. These numbers only continue to climb, up from \$1.67 trillion at the end of last year and \$1.56 trillion at the end of 2000.

With consumer debt at this all-time high, [debt consolidation](#) may be a good move for a large number of American consumers.

Financial professionals agree that gaining control of your own financial destiny requires discipline in the implementation of three important steps. These steps are budgeting, financial planning, and building a financial safety net.

Whether you are earning a few thousand dollars per year or hundreds of thousands of dollars per year, a personal budget will help you to reach your financial goals more easily. Simply put, a budget is the most important tool you can use to gain control over your money.

The point is to gain control over your money rather than being controlled by your money or perceived lack thereof. The former permits you to build a bright future, while the latter tends to lead to a dark and gloomy existence.

If you have been directly or indirectly affected by the downward turn in the economy, you may be feeling the financial pressures felt by hundreds of thousands of other Americans.

Fed rates may be at their lowest levels in decades, but the nature of consumer debt is providing little relief. [Credit](#) card companies have generally failed to pass along interest rate savings to the consumer --- maintaining the higher interest rates on the debts owed to them. Other consumers find it nearly difficult to get bank financing due to a recent job loss. Does this sound familiar to you?

Debt consolidation can provide great relief for many in their budgeting considerations and decisions. After all, bringing your debts together under a single, smaller and more manageable payment can remove the pressures of finding the money to cover your multitude of payments.

While a debt consolidation loan may seem to some to be an utopian concept, there are options many have never realized were available.

When strapped for solutions, many folks realize they have money available in their retirement accounts that can be used to solve their short-term solvency problems. In fact, almost one third of Americans tap their IRAs or other retirement money to meet financial needs before retirement. They do so even knowing that they'll pay Uncle Sam hefty taxes and penalties. However if you really need money, there may be a smarter way to tap your retirement savings.

Experts advise that you not touch your retirement savings for anything other than retirement income. That is good advice. Fortunately, it is possible under special circumstances to acquire loans against your [401\(k\)](#) accounts.

Beginning in 2002, even the self-employed small business owner with no employees, and the independent consultant could open his or her own 401(k), called a solo-owner 401(k), and borrow from it just as employees with big companies can.

Weigh this option against the others available to you. It only makes sense to take out a loan rather than to take a hit in heavy taxes and penalties for drawing your retirement money early. With a loan, you can take advantage of our historically low interest to solve your short-term financial shortfalls.

When all is said and done, the most substantive realization you can make is to realize that this economic downturn is a temporary and cyclical event. There is no sense in throwing the baby out with the bath water. Keep your retirement equity intact. Take it from me, you will thank yourself when you finally reach your golden years.

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**About the author:**

Daniel Lamaute, CEO of Lamaute Capital specializes in helping people get the most benefit from their retirement investments. Take cash payments from your retirement funds the smart way. Get your FREE SOLO-OWNER 401K INFORMATION KIT. Kit includes a prospectus with detailed information about the plan, investments, sales charges and expenses. Visit <http://www.investsafe.com> to order kit. COPYRIGHT © 2002, Lamaute Capital, Inc. All rights reserved.

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