

## Debt Settlement - The Truth

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There are currently many people who find themselves in a very difficult financial situation, where they're faced with mounting debt and not nearly enough income to meet their monthly financial obligations. Obviously, those individuals faced with such challenges have no choice but to find the best solution to become debt-free, and put their money worries behind them. Many find their search leading to alternatives such as debt settlement, which has been growing in popularity in recent years.

Unfortunately, there happens to be a great deal of untruths to be found, regarding the process of debt settlement, and if you're considering this route it's important to be well-informed and aware of the facts. One example of false information I recently came across regarding debt settlement is an article whose author claims that once you pay your agreed settlements in full you'll have a "good credit rating." The author should have gone on to explain that, yes - your credit score will increase, but only after your accounts are reflecting zero balances on your credit report. This process of credit reporting is not instantaneous, but rather can take several months. While I'm a supporter of debt settlement for individuals who may be instead looking at a bankruptcy filing, I also think it's important to be well informed of the facts before reaching a final decision regarding the best way to resolve your credit accounts.

Additionally, I recently encountered some information regarding debt settlement that happens to be a complete fabrication. The author of a recently published article claims that debt settlement companies convince your creditors to "re-age" your accounts so that they appear current. This information is simply not true, nor has it ever been true; as a matter of fact the author of this article is either a liar or someone who shouldn't be writing about a topic with which they're not completely familiar and informed. It is the job of debt settlement firms to simply negotiate with your creditors to settle your accounts for less than the full balance (usually 50% or less). There's no logic in re-aging your accounts (nor will creditors agree to do so) during the process of debt settlement.

I'm sure you've heard or read about some of the consequences of debt settlement, such as possible tax liabilities and a potential for a decreased credit score. Both of these are indeed plausible concerns if you're considering debt settlement. If you'd like to learn more about income taxes as a result of debt settlement [click here](#). If you want to learn more about the possibility of a temporarily decreased credit score as a result of debt settlement, [click here](#).

It's time to put your money concerns behind you, but it's equally important to conduct sufficient research so you'll be well-informed before attempting to follow a course of action with which you're not familiar. There are many debt settlement companies that don't require large up-front fees, or even that you make monthly payments to a trust account. These same reputable companies will agree to work for you on a contingency basis, allowing you to pay for services rendered only after a satisfactory agreement has been reached with your creditor. Before hiring a company be certain to interview many firms, and please beware of companies whose representatives appear to be more interested in collecting your money than legitimately assisting you to resolve your current predicament and overcome your financial hardship.

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