



Strategies on Debt Consolidation

Here's a simple way to turn mountains into molehills.

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Millions of healthcare professionals carry debt—from credit cards to loans to mortgages—and are striving to better manage it as the economy continues to recover. According to recent data, 34% of Americans say they're working toward paying down what they owe. Debt consolidation is the top reason that borrowers take out a loan.

If you need to take control of your debt, then it may be time to explore a solution like consolidation to better position yourself for success. Debt consolidation is using one loan to pay off other outstanding debts. In return, you'll gain the opportunity to increase cash flow, make progress toward business goals, or focus more on patients.

Signs You're Carrying Too Much Debt

You may not realize how much debt costs until you take a close look at the details. In some cases, it can be eye-opening to examine the numbers.

It's not bad to carry some debt. After all, your credit score is determined based on how well you manage it. (FICO calculates scores based on payment history, amount owed, and credit mix, among other factors.) But how much debt is too much? That can be difficult to quantify. Everyone has a unique situation, and there are multiple considerations, particularly if you are a business or

practice owner. Here are some signs that can point you to an answer:

1) All your credit cards are maxed out. If you charge the maximum to your cards every month, you may be overextending yourself.

2) You have numerous debt obligations. Make a list of every credit card and loan, noting the outstanding

Key Advantages of Debt Consolidation

Podiatric practice and business finances are complicated enough without adding multiple lines of credit into the mix. With payment delays from insurance, third-party processors, and patients, predicting finances every month can be challenging.

When you have debt, it can seem like you're facing a mountain that's impossible to climb.

balance, interest rate, due date, and creditor or lender. If you're surprised by the numbers, it may be time to take control of the situation.

3) You can afford only minimum monthly payments. Unless you have an interest-free agreement, only making the minimum monthly payment can end up costing you significantly more in the long run. If the minimum is all you can manage, it could be a sign you have too much on your plate.

4) It has become difficult to track your monthly expenses. When tracking monthly expenses becomes a headache or a burden, it may indicate that you're spending faster than you can pay back.

If any of these four signs resonate with you—or if you feel that debt is holding you back financially or emotionally—consider a consolidation loan to cut down or pay off what you owe.

Adding in multiple debt obligations can make it even more stressful.

Podiatrists might be surprised to learn that one way to control debt is by taking out a loan. By knocking out other bills, you can move to one monthly payment, one due date, and a single interest rate.

Here are some of the potential advantages that consolidation can deliver:

- Fewer monthly bills: Reduce the number of payments you need to make while earning back time and money previously spent managing multiple bills. Also, fewer bills to manage means a lessened chance of missing a due date.

- More predictable payments: Some credit card and loan terms can change over time, which can result in a new—potentially higher—monthly payment amount. With debt consolidation, you can make a single and

Continued on page 94

DEALING WITH DEBT

Debt Consolidation (from page 93)

predictable monthly payment.

- Lower interest rate: Once you've noted the interest rates of all your outstanding debts, add them up to find the average. You can potentially decrease it through a new loan with a lower rate.

- Financial freedom: When you spend less on monthly payments and have a defined payoff period, debt consolidation can provide a wide-open view of your financial outlook.

- Increased cash flow: Consolidat-

sider the possibilities of how you could re-allocate money saved each month.

Ask what type of interest rate they offer: fixed or variable. A fixed rate is a set interest rate, which remains constant for the lifetime of the loan. An adjustable rate is less predictable because it fluctuates with the market index. While adjustable rates can start lower than fixed rates, they can also rapidly increase based on market conditions. The rate may change yearly or even monthly, and without warning.

Find out if collateral is required. Some lenders require business loans

As a practice owner, workforce management is key. You need the right people to keep your business operating smoothly. Hiring additional staff to handle administrative tasks and mid-level managers to take care of more significant functions can free you up to focus on your patients. Effectively managing your workforce increases the profitability of your billable hours and affords you more time for operational oversight and patient care.

Increased cash flow might translate into staff training and workshops that boost patient-relations savvy and provide marketing and social media support. It could also bring on new technologies to help make your billing and collections efforts more efficient and compliant with customer service objectives.

Positive patient experiences can have a profound effect on your healthcare practice through loyalty and recommendations. Improving the patient experience can be as easy as incorporating some new technology into your practice—and this past year taught every professional about the importance of technology. Think patient portals, telehealth, self-check-in kiosks, and online scheduling. From outsourcing revenue cycle management to upgrading electronic health record systems or utilizing analytics to build a business plan, technology investments create the potential to increase profits at your practice.

There's no better time to take financial control, and a debt consolidation loan can help you turn a mountain of debt into a molehill. As a podiatrist, you've worked hard to get where you are today. Simplify your finances by consolidating your business debt and save with a single, affordable monthly payment. **PM**

The longer you leave it, the more complicated your debt can become.

ing your debt into a single loan with a lower rate and longer terms can free up cash for more immediate needs. You can even take the extra money that would have gone toward payments and redirect it toward an emergency fund.

- Improved financial planning: Keeping up with balances, varying interest rates, and out-of-sync payment schedules makes it challenging to plan for the future. When you consolidate your debt, financial planning can become much easier.

It's never too late in your career to take control of debt. The longer you leave it, the more complicated your debt can become.

What to Look for in a Debt Consolidation Loan

When pursuing a debt consolidation loan, consider that every option is different. By asking questions, becoming a more informed borrower, and better understanding the features before you apply, you can find a loan that best fits your unique needs. Some key differentiators include term length, interest rate, collateral requirements, and credit impact.

Inquire about the term, which is the amount of time you have to pay back the loan. Borrowers often focus on the interest rate when considering a loan's affordability, but the loan term also directly impacts the monthly payment amount. Simply put, a longer term means lower monthly payments. Con-

to be secured with personal collateral. Determine if it's worth putting your valuable assets against the loan. Your credibility and earning potential should count for something when applying for a loan—and a lender shouldn't require personal collateral.

Understand if and how your credit score will be impacted. Many lenders do a "hard pull" on your personal credit when you apply for a business loan. That hard pull can reduce your score and remain on your credit report for up to two years. A soft credit inquiry, or "soft pull," does not impact your credit score. It provides a level of discretion among the institution pulling the report and the person whose credit is being reviewed.

Ensure clarity on turnaround time and determine how quickly you need the funds deposited. Understanding a lender's approval and funding timelines can help you set expectations on whether the loan process will take days, weeks, or even months. Consider how quickly you need the funds deposited.

Using Consolidation to Spur Growth

By taking control of your debt, you can improve your bottom line and revitalize the goals that helped you start your podiatry career. With the additional monthly cash flow you can gain through consolidation, you create an opportunity to increase the value of your business and profession, along with the chance to focus on your growth goals.



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