

How To Use A Personal Loan To Reach Your Financial Goals

When trying to reach your financial goals, a personal loan can be a viable and relatively straightforward option. They are easy to apply for and most have low interest rates that make borrowing more affordable. On the other hand, taking on new debt isn't always the best course of action.

Anna Gomez, Branch Manager

There are multiple things to take into account when considering a personal loan. To make it easier, we've compiled three instances where you might benefit from this option.

1. Paying for emergency expenses

Unforeseen circumstances are just a fact of life, and oftentimes you may not be financially prepared. You could find yourself in a situation where you don't have the money for an unexpected expense and need to take out a personal loan. Some common examples are car repairs, medical emergencies/bills, or home repairs.

Ideally, the solution to these unexpected expenses would be an emergency fund. However, there are times where even an emergency fund can't cover the total expense. A personal loan could allow you to cover the immediate expense and spread your payments out over time.

2. Funding a project with potential return

Sometimes, you may discover a potential investment that requires funds up front. Unless you've saved enough for such an opportunity, a personal loan could help you reach your goal. Here are a few examples where this may apply:

- Starting/expanding a business
- Remodeling your home to increase its value
- Educational endeavors to improve your career

In each case, there's no guarantee that you'll get a positive return on your investment—and in that case, you'll still have to pay off your loan without much to show for it. Yet with ambition and perseverance you can put yourself in position to succeed, and taking out a personal loan could help you get started.

3. Consolidating for a lower rate

Debt consolidation is a popular reason to get a personal loan. Often, the purpose is to reduce credit card debt, but it could also be used to pay down other higher interest loans, such as student loans. The point is, you could apply for a loan that would cover all your debts, thus reducing your several payments to one single payment, simplifying your debt burden and also saving you interest.

For more information about how PlainsCapital Bank can help you with reach your financial goals, apply for a personal loan today.