

There's No Need To Put Your Plans On Hold

By [iCompareLoan Editorial Team](#)



It's true that money can't buy you love or happiness, but money has its place in life. For instance, it can help you achieve your plans for a more comfortable, more contented future, and even just a more colorful life. But let's face it: you won't always have as much cash as you want, so you'd likely have to put some plans on hold. There may also be times when you'd have an urgent matter in your hands, and it's not always that easy to stretch your resources. Lucky for you, you have the option to take a personal loan.

A personal loan comes handy when you need cash in a hurry. Maybe you have a specific matter that needs funding, or maybe you just need a bit of financial leeway. You can borrow the amount you need from a bank or a financing company, then repay it in installments that are easier on your pocket. There are a lot of types of loans for various, specific needs, but a personal loan is more flexible as you can use it for just about any need that other loans don't cover. It also has that added advantage of not requiring all the usual documentation.

Before You Proceed: A Word of Caution

When spending for anything, it's always best to use your own money – that means earning and saving the amount you need. A loan is helpful only when you have an immediate, important need and you don't really have much options. Keep in mind that a loan is borrowed money; in other

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words, you will be in debt until you repay the entire amount. You don't need any unnecessary obligations in your life, so be sure to think it through. For better decision-making, be sure to talk to an expert financial adviser.

There are specific situations when a personal loan is a practical plan of action. Realistically speaking, it might not always be possible for you to earn and save enough money by the time you need it. Below are some of those situations when a personal loan can be beneficial.

When Should You Take a Personal Loan?

1. When You Need a Buffer for Your Finances

You might not have an urgent need right now, but one may be coming up soon. It's always good to be ready for surprises and emergencies.

Medical bills, school tuition, home renovation, car repairs – these are just some of the expenses of an average household. In fact, you may already have a regular budget or a fund for these things. But say for example, your insurance didn't pay out as soon as you hoped it would, or maybe your home renovation fund didn't come on time. And what if your son didn't qualify for the scholarship next term, and your car is up for an overhaul? You don't have to put all the other areas of your life on hold, do you? Well, you don't really have to. You can use a personal loan to take care of the pressing need at the moment, while you wait for your other funds to be available.

2. When You'd Like Some Financial Aid For a Small Business or a Side-Business

Maybe you'd like to make money from your baking hobby, or you have an idea for an online shop. You'll need some capital and a steady cash flow to get things running. There are expenses like operation costs, bills, deliveries, salaries and other concerns, and you wouldn't want to get stuck in any of those.

You won't really need a business loan for this yet, since a business loan is usually for a larger, more established enterprise. A small business or side-business would have lower expenditures at the start-up phase, so a personal loan will be suitable. Besides, a business loan will have stricter requirements, which will take into account your experience and actual success in making money (most lenders require at least 3 years of stability). A personal loan will be much more flexible, especially for younger borrowers.

3. When You Have an Urgent Need



Say, for instance, you just got engaged, and you'd like to have a big, fancy wedding. After considering your expenses, you've come up with an amount for a wedding budget. You calculate that it may take a few years for your combined incomes to reach your target amount, just so you can afford to make everything perfect for your big day. If you're not in a hurry, you can wait a few years. Then again, maybe you can't wait— and that's when you can consider taking a loan.

Or let's say your laptop conks out without warning. Perhaps you can get a new one, but you prefer to invest in a high-quality, fully-loaded desktop computer this time, because a desktop actually fits your needs better. And you have to get one soon, because your freelance job depends on it. A bit of financial help would be handy right about this time.

Maybe you have a trip planned out for next year, and you'll be visiting your favorite aunt who lives abroad. But then she suddenly has an emergency, and she'd like to see you much sooner. Thanks to personal loans, you have that option.

4. When You Need To Restructure Your Debt

Some lenders offer loans specifically for paying off debt. A lower-interest personal loan is easier to pay off, so some people may consider getting one to help solve their credit card debt.

But hold it. This is just getting into another debt to pay off an existing one, right? Yep. Generally, this sort of practice is not advisable, since it means getting yourself into even more financial obligations. It's a valid option only if you don't have any other solutions.

Personal loans involve lower interest rates than credit cards, despite having the same credit limit. In a nutshell, it works like this: you're borrowing money through a lower interest loan (the personal loan), then using that money to pay the debt you have from a higher-interest loan (the credit card). That way, things can be a bit more manageable for you, since a lower-interest loan will turn out to be more affordable. Nonetheless, you'll need to be very mindful of the terms and all the additional fees, or else you may end up in an even deeper debt.

Some Important Considerations

Regardless of what you're using the cash for, there other important things that you have to be clear on, such as:

- What are the risks involved, especially for the particular purpose you have in mind? Is a personal loan the most suitable plan for it?
- Where's the best place to get a loan? Who offers the lowest rates and the best terms?

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- What are the requirements?
- What's your credit score? What are your other financial obligations? How will these affect your loan?
- What are the terms and conditions? Are there other fees and/ or prepayment penalties?

All this can be a lot to take in, especially if it's your first time to seek a loan. But don't worry – we have a team of experts who can assist you with all your questions and concerns about the personal loans in Singapore.

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Paul Ho is the editor of www.PropertyBuyer.com.sg, www.iCompareloan.com and www.SingaporeHomeLoan.net and he holds a Masters of Business Administration from a reputable university. He is passionate about helping people enhance their wealth through financial literacy and in making money work harder for them.

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