



HOW TO GET THE BEST PERSONAL LOAN

(from a lender that isn't ruining people or planet)

We don't live in a money society. We live in a credit society. To get even the smallest personal loan, you need a credit score. And how do you get that? Probably from a credit card. Weird, right?

And once you have a credit card, you're now part of the debt industrial complex. At Well Wallet™ we're thinking of ways to disrupt this cycle. More on that to come. In the meantime, **here is our take on the personal loan market, along with some traps to avoid.** Why a personal loan? Oddly enough, it's a tool used to escape credit card debt.

Personal loans can be a good way to quickly **consolidate your credit card debt, lower your interest payments** and get a fresh start.

There are many lenders available at decent rates, especially if you have good credit. But not all lenders are created equal. And not everyone has the community or the planet's interest in mind.

How do you know if a personal loan is right for you? Well, if you are carrying credit card debt and you can get a personal loan with a lower interest rate, then that personal loan could reduce payments and help you escape the debt trap.

Below we take a look at **the best of the not-so-bad players** in the personal loan space. We say "not-so-bad" because none are perfect (surprise, surprise.) Some have good rates, but are owned by big banks and require great credit scores. Others have less competitive rates but are trying to make a bigger difference in the world.

HERE'S WHAT YOU NEED TO DO TO FIND THE BEST LENDER:



1 Know your credit score. The interest rate you pay will depend almost entirely on your credit score. It's the world we live in today. If you have excellent credit, you could pay 11% APR or lower. With bad credit, you're looking at 29%.

If you don't know your credit score, no worries. This [loan compare tool](#) automatically looks up your credit score and gives you loan options from many lenders. It does it without affecting your credit score.

For a quick look at estimated Annual Percentage Rate (APR), check out the table below:

How's your credit?	Score Range	Estimate APR
EXCELLENT	720–850	10.94%
GOOD	690–719	14.56%
AVERAGE	630–689	19.84%
BAD	580–629	28.64%
POOR	579 AND BELOW	UNLIKELY TO QUALIFY

Source: NerdWallet Survey of Lenders 2016

2

Compare loan providers. [Use this tool](#) to compare the loan options available. You'll get offers from lenders instantly. Checking the options will not affect your credit score.

3

Shop around and research. Once you have your list of loan offers, go to your local community bank and ask about their rates. They may have lower rates, especially for those with lower credit scores.

4

Check out other options. Before you take on a personal loan, consider these options:

- *See if you qualify for a 0% credit card.* Depending on your credit, the 0% introductory rate can last up to a year. This is your cheapest option if you can repay your loan during this time.
- *Add a co-signer.* If you can't qualify for a personal loan on your own, consider adding a co-signer. But remember, you are both on the hook to pay it back.

WATCH OUT FOR THESE TRAPS



INTEREST RATES

Try to get the lowest rate you can. Secured loans are often less expensive than unsecured loans because the funding provider has recourse to an asset.



REPAYMENT FLEXIBILITY

Make sure there is no penalty for early repayment. Your goal is to pay this loan off as quickly as possible. If you can pay more per month in order to pay it off faster, do this. Just make sure your lender doesn't charge you for the privilege.



FEES AND CHARGES

Compare origination fees and application fees. Sometimes lenders hide information in the fine print and it becomes a surprise at the end. These fees should be clearly outlined and baked into the overall APR.



CUSTOMER SERVICE

Check out their customer reviews.



LENGTH OF THE LOAN

Remember, the shorter the term, the less total interest you will pay. That super low payment attached to a 5 year loan? Sure it looks low, but you will be paying significantly more interest over the life of the loan.



SOCIAL RESPONSIBILITY SCORE

Is your lender contributing to the destruction or prosperity of the planet? When the data is available, we will provide you with sustainability scores for each lender.

A QUICK VIEW AT CONSUMER FRIENDLY PRIME LENDERS

*Prime lenders offer good rates, unique benefits and great customer service.
One possible downside: the best rates are only available to people with good credit scores.*

PROSPER

- Plus** A peer-to-peer lending network.
Translation: their auction style platform might get you a better rate.
Good option for those who don't qualify with a traditional lender.
- Minus** Might get charged a different origination fee depending on credit score.
Rates are good, but only with a good credit score.

PAYOFF

- Plus** Focused on financial wellness, help their customers reduce debt and stress.
Offers a custom plan to help you stay on top of good money habits.
Partners with credit unions to originate loans.
- Minus** Not available in all states.
Rates not great without a good credit score.

BEST EGG

- Plus** Fast funding, typically within a day.
- Minus** Targeted towards high income earners with high credit scores.

MARCUS

- Plus** No fees. That means no origination or even late fees.
Loan flexibility: borrowers choose the loan amount and desired time to pay it back.
- Minus** Owned by a big bank (Goldman Sachs). However, they score a [56](#) on their Corporate Social Responsibility (CSR) Score. This score was above average compared to all other companies.

LENDING CLUB

- Plus** Like Prosper, Lending Club is a peer-to-peer network that connects borrowers to lenders. They offer a hardship plan for those who fall behind. Largest online lender of student loans.
- Minus** Slower loan delivery time (average of 7 days.) Targeted towards those with high credit score and higher income.

UPSTART

- Plus** Peer-to-peer lender. Makes loans available to younger borrowers with little credit history. Take academic history into consideration (i.e. which major) before making an offer. Partnered with coding bootcamps to help people learn skills. Fast loan delivery times (average of 24 hours.)
- Minus** Best rates go to higher credit scores.

LIGHTSTREAM

- Plus** Excellent rates on unsecured loans available to those with a great credit score. Interest rates are tailored based on the purpose of your loan.
- Minus** Owned by SunTrust, which scored only a [48](#) on their Corporate Social Responsibility (CSR) Score. This score is below average.

DISCOVER PERSONAL LOANS

- Plus** No origination fees. Option to pay off creditors directly, ensuring your loan is used to pay off other debt. Access to loans in all 50 states. Decent Corporate Social Responsibility Score of [54](#), which is on par with the credit card processing industry.
- Minus** Not ideal for recent grads or applicants with poor credit scores.

SECONDARY LENDERS

If you don't have good credit or a long credit history, these lenders may be of help.
But watch out. Interest rates are considerably higher if the borrower has a low credit score.

ONE MAIN

- Plus** No minimum credit score required.
Loans fund quickly.
Secured loans available (good way to lower the interest rate.)
- Minus** Hard credit check done when you apply.
Higher interest rates than their peers for low credit score loans.

PEERFORM

- Plus** Go-to lender for poor credit borrowers.
- Minus** Longer approval times.
High interest rates for low credit score borrowers.

AVANT

- Plus** Low credit score borrower friendly.
No strict minimum for annual earnings.
Fast funding.
- Minus** High interest rates for low credit score borrowers



BOTTOM LINE

*It pays to read the fine print and take
control of your credit score.*