

Learning About Balance Transfers

Contributed by Webmaster

By Ajeet Khurana

If you are looking for a new credit card to invest in, maybe you should look at a low rate balance transfer credit card. If you are lucky, you could avail of some of the great plans, like introductory low interest months that are offered by these cards. But what does that actually mean?

Ignoring any other little snazzy deals the creditors offer, if you have a fairly hefty credit card debt as it is then transferring the balance over could be a nice little way of getting the interest down for a few months.

Suppose that your credit card debt has run up to \$1000 this month. The interest on that can quite happily cost you a fairly chunky amount as it is - let's say \$100. If you want to do away with this amount, the only way is by bringing down the debt. If you're struggling to pay the interest as it is, moving your balance to a different credit card (that offers free balance transfers) and a nice, low rate - potentially nothing - on the interest on that balance for the first few months means that instead of paying off the interest, you're paying off your debt.

After the first month with the new credit card you'll have paid the \$100 and now only have a \$900 debt, and still have paid exactly the same amount you would have if you hadn't transferred the balance over. Within less than half a year you will be able to make sure that that \$1000 debt has been reduced. So, when the zero percent interest period on your balance transfer runs out you can now afford to pay both the actual interest and still start working on getting the entire debt paid off.

But somehow this seems too easy. Do you think there is a snag? If you manage it carefully, there really isn't one. To begin with, give a thorough read to all the terms and conditions, making sure that there are no extra expenses. And make an effort to avoid any details in the contract that pull you in to a horribly drawn out and expensive payment plan, or some other issue that arises further down the line.

Most of the time, though, if a balance transfer would be enough of a benefit to you for you to be considering it, then the other charges are pretty minor. Of course, give them your attention. But also note that these are only minor aspects of your balance transfer program.

When you keep hopping between credit cards you could make some pretty nasty long term problems that won't arise for at least a few months. Why? Transferring your balance from one card to another is harmless if resorted to only once or twice. Some credit cards base a lot of their new customers on what they can entice over from other companies, but each time it gets noted down in your credit history.

Most of the time that you transfer your balance over to another creditor; they won't be overly impressed if you leave them soon after their low interest rate has ended. But if you use your card prudently, you would be able to benefit a lot in terms of savings.

Get 0% balance transfers, compare credit cards and a lot more. All at your favorite credit cards site. Visit today.

{mos_sb_discuss:2}