



0% APR
Credit cards

Credit Learning Center



The What's, Why's and How's of 0% APR Credit Cards



Low Interest Credit Card Offers

0% APR Credit cards by Bob Larson

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0% APR Credit cards sound like the perfect solution, but are they really a good thing? Or is there some secret and dark trick lurking in the background to snag you more than it has helped? Let's take a look at a few key facts about these 0% APR cards.

Because the Card Act was passed, companies are implementing a tricky 0% offer so that they can charge additional interest on credit card users. They hit people who pay only their minimum balance the hardest.

How are they pulling it off? The Card companies use your minimum balance to pay off the balance the bank chooses. When 100% of your balance is charged 17% percent you don't have to worry about this. However, banks are watchful and if only part of your debt is charged 17% and the rest is charged 0% they will deviate from what you might have planned. They will first pay off the 0% balance so that they can legally keep your interest balance as high as possible. This allows them to collect more of their interest money in a way that most people don't even see.

So banks throw 0% balance offers at you hoping you take the bait. They want you to pay them a large sum so that they can increase your total balance. This leads to an increase of your minimum and more money for them when they collect on your interest. Simply planning to avoid these devious tricks can help you save thousands of dollars from being wasted.

When the mortgage banks crashed, there was a definite slow in the credit card offers mailed out to people's houses. But we aren't lucky enough to have seen the end of that. Attractive offers are starting to show up again as the banks slowly pull their way out of the despair they were trapped in.

Three things to watch for in these offers are: a good credit score of 650 and above is required for application. The introductory 0% APR will only be applied within 6 to 12 months. And finally your 0% APR could be raised to 29.99% if you miss a payment or are late on one.

So when should you think about getting a 0% APR Card? If your balances are 1,000 or 2,000 and over you could get one right now. Then you can cut out a lot of interest to save money and help you pay off your debt faster.

However, if you are planning to go on a large shopping spree with your cards don't get the 0% offer just yet. Wait until you have spent the money and then apply. But be careful that your cards aren't maxed out when you go to apply.

So 0% APR isn't an evil trap, but it can be. Research the benefits and then think about your position. The last few years have been hard on everyone and are said to have been one of the worst recessions in our history. Be careful, make the educated choice and together we can climb out of this recession.



