

Consolidate credit card  
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People who are in debt (credit card debt) often get to hear this advice 'Consolidate credit card debt'. So, what does that 'Consolidate credit card debt' mean? Well, pretty simply, 'Consolidate credit card debt' means consolidating the debt on various credit cards into one (or two) credit card. This consolidation can be done either through a low interest bank loan or by transferring balance to a new credit card (i.e. transferring the amount you owe, on one or more credit card, to a new credit card(s)).

So what should you do when you are looking to consolidate credit cards? Well, the key thing to look for is the APR or the annual percentage rate. Whatever method you adopt to consolidate credit cards, APR will always be the key; in fact, you could say that it is the sole criteria to look for. So, if you use a bank loan to consolidate credit card debt, the interest rate on the bank loan should be lower than the APR of the credit cards whose debt you are consolidating. Similarly, if you are moving to another credit card, you must make sure that the APR of the new credit card is lesser than the credit cards whose debt you are consolidating. However, there is a catch that you must be aware of when laying a plan to consolidate credit card debt. The APR rates advertised by most credit card suppliers are the short term APR rates which are meant to lure you to consolidate credit card debt with them. By short term we mean APR rates that will be applicable only for an initial period of less than 12 months or some other period after which the APR rates increase. When you go on to consolidate credit card debt with these credit card suppliers, they will offer you a lower (even 0%) APR for the first 6-12 months; and a much higher APR after that. You should check what this higher APR rate is. Your decision to consolidate credit card debt will be fruitful only if the new APR rate is lower than or equal to the APR on your current credit card. You might check with your current credit card supplier to see if he is able to lower your APR (if that works, it will make things really easy for you).

Before you move on to consolidate credit card debt you should understand that consolidating credit card debt will be beneficial only if you pledge to adopt and follow a disciplined approach to credit card usage i.e. controlled spending and regular/timely payment of credit card dues.