

Title:

Balance Transfer Credit Cards FAQ

Word Count:

614

Summary:

This article describes a variety of frequently asked questions about balance transfers.

Keywords:

Balance Transfer Credit Cards,Best Balance Transfer Credit Cards,Balance Transfer Credit Card

Article Body:

When it comes to using balance transfer credit cards, many consumers are filled with questions and concerns. While there are many benefits to using a balance transfer credit card, it is always best to have these questions answered and the concerns satisfied before moving forward with applying for one of these cards.

How Can Balance Transfer Credit Cards Save Me Money?

Balance transfer credit cards can save you money by reducing the amount of finance charges you pay every year. If you transfer even a small amount of money, such a \$1,000, from a card with a higher APR to one with a lower APR, you will see a difference. For example, if you have a credit card with a 20% APR, you will pay \$200 per year to maintain that \$1,000 balance. On the other hand, you will pay only \$80 on that same balance if you have a credit card with an 8% APR. That is a savings of \$120! Imagine how much you will save on larger balances.

Even better, the best balance transfer credit cards offer 0.00% introductory APRs, which means you will pay no finance charges while that introductory period is active. With some balance transfer credit cards, this special rate remains in place until the entire amount you transferred is paid off.

What is an "Introductory Rate?"

An introductory rate is a special APR that lasts for a limited time. Often, the length of time this rate is in place is determined by your credit history. The introductory rate can be in place for as long as one year, though more common

durations are six months, three months, and one month.

What is a "Fixed Rate?"

A fixed rate is a rate that does not change. Balance transfer credit cards with a low fixed rate may not offer a 0.00% introductory APR, but they might offer a 7.99% APR that remains this low no matter how long it takes you to pay off your balance, rather than skyrocketing up to 19.99% after the introductory period is over.

Why Does Everyone Say Balance Transfer Credit Cards are More Convenient?

Many people feel balance transfer credit cards are more convenient because it places all of your debt in one place. This makes it easier to track your expenses, to create a budget, and to get your bills paid on time.

Is it OK to Pay Only the Minimum Payment on My Balance Transfer Credit Card?

From a legal standpoint, all you are required to pay on your balance transfer credit card is the minimum payment. From a financial standpoint, however, this is a bad habit to get into. If you pay only the minimum payment, it can take you decades to pay off your debt - and that assumes you are not adding any more debt to your balance. So, if you want to get out of debt (and who doesn't?), it is best to pay off more than your minimum payment. Set up a budget that allows for regular payments above your minimum payment to be sent to the credit card company - and stick to it.

Will a Balance Transfer Credit Card Get Me Out of Debt?

Yes and no. If used alone, a balance transfer credit card will not get you out of debt. If you transfer all of your credit card balances to your balance transfer credit card and pay only the minimum payment, it can still take you years to pay off the debt. Therefore, a balance transfer credit card should be viewed as one tool in your tool belt for helping you work your way out of debt. If used correctly and to its fullest advantage, it can help you get out - and stay out - of debt.