

Title:

Zero percent Balance Transfers can damage your Health

Word Count:

630

Summary:

Credit card debt is rising alarmingly and 0% credit offers are pushing more and more people into serious financial difficulties. Here I suggest a few ideas on how you can manage your debt and use these offers to your advantage.

Keywords:

balance transfer, credit card debt, credit card, zero percent transfer

Article Body:

What you are about to read may make you reassess your attitude to zero interest balance transfer offers. I will show how these balance transfer offers are pushing more and more people into serious financial difficulties and I will suggest a few ideas on how you can manage your debt better.

Credit card debt is rising at an alarming rate and many people are now getting into serious financial difficulties. One of the reasons is the promotion of no interest balance transfer offers and interest free initial periods.

Like most people, I've been tempted by the these offers to change my credit cards. I've taken them up on their offer and moved my credit card debt and, for a limited time, had no interest to pay. But "just in case of an emergency" I usually hang onto my old card.

Then something happens, an unexpected bill, or a wedding or birthday gift I've forgotten about. "Never mind" I tell myself "I can put it on the old card - there's plenty of credit on there so it's no problem."

A few months and a few unexpected bills later the interest free period runs out I have to pay interest on both my new card and the old card. Now I'm worse off than when I started but that's no problem as I can look for another card offering another interest free period and zero interest balance transfers.

It's so easy and the banks and credit card companies are so eager to lend the money that it becomes routine, until that is, something goes wrong. You could fall ill and be off work, or, you could lose some overtime and your wages fall,

or maybe that big deal you were relying on falls through.

It may just be that the credit card companies decide you have too much outstanding on credit cards and you would have difficulty paying the repayments, or simply they spot that you are a regular churner of the debt and they don't want your business.

Whatever the reason the result is that you have all the interest to pay and you start to struggle with the minimum payments and miss one or two. Because you've missed payments it becomes even more difficult to find the next interest free balance transfer offer.

Now you have a real problem but it is one that can be avoided.

I could suggest that you don't use credit cards but I suspect that would not be acceptable, and I am not going to suggest you ignore the 0% offers - that would mean you paying interest when it is not needed.

The simplest way to benefit from these balance transfer offers, but keep your card debt under control, is to cut up your old card when you switch to a new one.

That way you benefit from the 0% offer but minimize your exposure to higher debt.

Once you have cut your card up though, it is essential that you contact the card issuer and close the account. Until you close the account the card issuer will continue to tempt you with special offers to use your old card.

Another tip is to never pay just the minimum payment. Always pay the maximum monthly payment you can afford. Reducing your payments simply pushes back the time when you have to repay and in the long term increases your payments. Use the interest free period to reduce your debt to the minimum and if possible clear the balance.

Credit card companies don't offer an interest free balance transfer because they are feeling generous. They do it because, in the vast majority of cases, they will be able to charge you more in the longer term. Use interest free credit to benefit you not the credit card companies.