

Title:

Fixed APR Balance Transfers: Better Than A 0% APR

Word Count:

496

Summary:

0% balance transfers offer great short term savings, free up money to pay down debt quicker, and can ultimately save consumers hundreds, if not thousands of dollars in interest over their duration. However, the very best 0% balance transfer offers on the market only last 15 months. For many, this is not enough time to completely eliminate their credit card debt and they are faced with a decision: pay the new regular interest rate or transfer their balance again. For most, a f...

Keywords:

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Article Body:

0% balance transfers offer great short term savings, free up money to pay down debt quicker, and can ultimately save consumers hundreds, if not thousands of dollars in interest over their duration. However, the very best 0% balance transfer offers on the market only last 15 months. For many, this is not enough time to completely eliminate their credit card debt and they are faced with a decision: pay the new regular interest rate or transfer their balance again. For most, a fixed APR balance transfer credit card never enters their mind. However, this balance transfer offer is often the best option for many credit card users.

First, let me explain a 0% balance transfer worst case scenario. An acquaintance of mine thought he could save a few thousand dollars in student loan interest by transferring his balance to a 0% APR credit card. The student loan had a fixed APR of 7.99%. He figured he'd save \$1600 the first year on his \$20,000 loan, then transfer the remaining balance to a new 0% APR credit card the next year.

What he didn't realize was that its not always that easy to get approved for a new 0% APR credit card year after year, especially when you have a high amount of credit card debt. When it came time to transfer the \$18000 left on his credit card, he was only able to get a \$2000 0% balance transfer. He was stuck with \$16000 of credit card debt with a 12% interest rate and the clock was ticking on his other \$2000 in debt. Instead of a comfortable fixed APR of 7.99%, my acquaintance got stuck in a credit card nightmare.

Fixed APR balance transfer credit cards provide consumers with a much better way to pay down long term debt such as student loans or car loans at a set interest rate. Currently, some credit card companies are offering fixed APR credit card rates as low as 3.99% for the life of the balance. A rate such as this is lower than many student loan and car loan rates, and can provide consumers savings of 3% or even 10% on long term debt each year.

A fixed APR balance transfer is also a good option for individuals with high credit card debt considering a second mortgage to pay off their high interest credit cards. For example, a 3.99% fixed APR may be lower than a second mortgage's interest rate and it wouldn't involve costly refinancing fees. More importantly, however, is the fact that a fixed APR balance transfer doesn't remove equity from your home.

0% balance transfer credit cards offer consumers great short term savings. In the long run, however, a fixed APR credit card provides a viable, interest saving option for those looking to reduce higher interest loans and credit card debt over a period of more than 12 to 15 months. Imagine how much better off my friend would be if he transferred his \$20000 balance to a 3.99% fixed APR credit card instead of getting greedy with 0% APR credit cards.

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