

Which Credit Card Applications Are Right for You?

When your credit rating is good, credit card companies stuff your mailbox with credit card applications. Consumers with especially good credit can get several offers a day, every day. With so many offers to choose from, how do you decide which offer is right for you?

Start by paying no attention to any of the promotional offers. Those 0 percent interest rates are good only for an introductory period; after six months or so, they shoot up to the real interest rate, which is usually in the double digits. Examine your credit card applications for the real interest rate, which is usually hidden in the small print or in a chart on the back. Sort your offers by interest rate, and give serious consideration only to the offers with low regular interest rates.

The one exception is promotional offers in which you are invited to roll over debt from another credit card, and the low interest rate will apply to the transferred amount for as long as it takes you to pay the loan off. If you are already trying to pay off a large sum on another credit card at regular interest rates, and you do not plan to use the new credit card for any other purchases after you have rolled over the balance, then this type of credit card promotion can be an inexpensive and uncomplicated way to pay off a large debt at a low interest rate. However, if you do charge anything to the card after the introductory period, the charges are added to the card at the much higher regular interest rate, and your payments are applied to the charges made at a lower interest rate first. Before you can start to pay off the charges you made at a higher interest rate, you must completely pay off the original sum you transferred onto the card. During the months or years it takes you to pay off the original sum, the new charges will accrue hefty interest, all of it money in the credit card company's pocket. Consider this type of promotion only when you want to transfer a large debt onto a card with a lower interest rate, not when you are shopping for a credit card for daily use.

When you have winnowed your options down to a handful of credit card applications with appealingly low interest rates, take a look at their default interest rate. This is the interest rate you will be charged if you are late with a payment, exceed your credit limit, go into default, or commit a host of other credit sins. It can be ridiculously easy to trigger the default rate, so even if you are a punctual bill payer, give careful thought to the card's default rate. Choose the lowest you can find.

When you have a selection of credit card applications with excellent regular and default rates, now is the time to consider all the promotional offers and extra goodies the companies are offering. You can get some fantastic perks from companies that are eager for your business. Then fill out the credit card application you choose, send it in, and enjoy your card knowing you have gotten a great deal.

About the Author

Read more on [best credit cards](#), review getsmart.com/credit-cards.

Source: <http://ArticleMe4.com>