

# Your Monthly Money

brought to you by



A product of **CONSOLIDATED CREDIT**  
When debt is the problem, we are the solution.

## 5 Things to Know Before You Charge Holiday Gifts on a 0 Percent APR Credit Card

**You can save hundreds by charging holiday spending to a 0 percent APR credit card — but only if you play by the lender's rules.**

If you have good or excellent credit, you may qualify for a credit card offer with an introductory 0 percent APR.

Then, when you're approved, you can charge holiday gifts to the card without paying any interest during the introductory period, which could range anywhere between six months to as long as 24 months.

That's a fantastic deal — but only if you know enough to avoid common pitfalls that could turn your smart shopping plan into a regrettable mistake.

Before you charge holiday gifts to a 0 percent APR credit card, check out these five tips on how much you can save and a few missteps that could throw your repayment plan off course.

### **You can save hundreds of dollars on interest**

Interest rates on traditional credit cards range between 13.99 to 23.99 percent. All of that interest will cost you over time, making your holiday shopping that much more expensive.

Using a card with a 0 percent introductory APR instead can save you a lot of money as long as you pay more than the minimum, make the payments on time, and pay off the balance before the 0 percent APR offer expires.

If you pay off a \$1,500 balance on a 0 percent APR credit card before the offer ends, you won't pay a penny in interest. On the other hand, that same \$1,500 balance on a credit card with a 19.99 percent interest rate would accrue interest the entire time you carry a balance.

You can easily find out how much interest you could save (or pay) by inputting some figures into a credit card interest calculator. For example, if you make only the minimum payment of \$45 (three

percent) on a \$1,500 balance, you'll pay more than \$1,200 in interest over more than seven years it would take you to pay off the balance.

## **Paying late may cancel the 0 percent APR**

With most introductory 0 percent APR offers, a late payment may cancel out the 0 percent APR, replacing it with a much higher interest rate. Make sure that you always pay by the payment due date on a card with a 0 percent APR offer. Even paying only a few days late could cancel that money-saving APR.

If you do pay late, call the credit card issuer and ask the agent if they can let you slide just this once. They may give you a break if it's a one-time issue.

## **Retailers may add retroactive interest**

Some late payments are worse than others. Some lenders may put in their terms and conditions that late payments will not only cancel the zero APR deal, but also require you to pay retroactive interest from previous purchases.

Adding retroactive interest charges as a penalty for paying late is common with certain retail credit cards that offer APR deals on large purchases. If you pay late, call the credit card issuer immediately and ask if they can waive the retroactive interest rule just this once.

## **Read the terms and conditions carefully**

Before you apply for a 0 percent APR credit card, read the terms and conditions of the card and the offer carefully. Look for how long the introductory period will last and the interest rate that will apply after the intro period ends. Also, find out what happens if you miss a payment or pay late.

## **Avoid paying only the minimum payment**

It may be tempting to pay only the minimum payment with plans to increase that amount later. However, the minimum payment listed on your credit card statement is designed to work in the credit card issuer's favor.

So, if all you pay is the minimum payment each month, you'll have a remaining balance when the introductory period ends — and you'll pay the price with all the interest you'll pay until that balance is paid off.

## **Create a debt repayment plan**

An introductory 0 percent APR gives you a lot of breathing room while you pay down your balance, especially if the intro period runs for 18 or 24 months. But don't get too comfortable making only small payments with a larger payment here and there.

Instead, create a debt repayment plan, using a credit card interest calculator to make sure your balance is paid off by the time the 0 percent intro period ends.