

Is Zero Percent For Real?

The desire to climb out of credit card debt is universal for anyone who is fighting this big problem. And it isn't an isolated problem. More and more people are having big problems with credit debt especially in these times when you just about have to use credit every day.

There is something a little strange then about credit card companies coming in with offers to help you climb out of credit card debt when its they that are the problem in the first place. It's almost like a drug pusher pushing a new drug that can get you off drugs but the drug he is pushing is just as addictive as the last one. But when you get offers for new credit cards each month, they often are pushing plans to help you get out of debt by going into debt to them.

Probably the offer that comes in that is most difficult to over look are the offers to let you do a balance transfer of some of your debt and pay no interest on it. These are often called zero percent offers and they have skilled marketing people write the copy for these offers so you are prone to believe that you really are going to be able to have a loan paying no interest so you can just pay off the principle and that's that.

So are these zero percent credit card balance transfer offers for real? Well they are in the sense that they might transfer some of the funds and yes, the interest rate you will see on the first statement will be zero percent. But, like all things, there are catches and things to look out for. You have to remember that the credit card companies are entirely in the business of collecting interest. They don't do anything else. They offer no value to society, build no roads or hospitals, sell no food or medicine, make no TV shows to make you laugh. They sit there, house your debt, collect interest and try to talk you into running up more debt.

So when you get a zero percent offer, they plan on recovering the lost money from the time they support your debt and you pay no interest. One way they do that is with a transfer fee. They will almost always charge you a 3-5% balance transfer fee with a minimum and sometimes a maximum value. Read the fine print carefully to make sure you understand how much this is going to be and that you agree to it. But be aware that the transfer fee is nothing more than disguised interest. So calculate that against the interest you would have paid leaving the debt where it is sitting now before you cash in on a zero percent balance transfer.

Also you will rarely see a zero percent balance transfer that is not for a very limited time frame, usually no more than three to six months. So with the

transfer fee factored in, you have to wonder if the effort of moving the money was worth it. And at the end of the introductory period, they are going to raise your interest rate to something that they, the credit card company want it to be. Be absolutely sure you know what that interest rate is going to be and that they live up to that stated level of interest. If you enjoy that zero percent transfer for three months and then face years at 21% interest, you did not win in that transaction, the credit card company won.

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