

Rolling Your Plastic Debt Into One Payment

'Credit card debt consolidation' seems to be the most talked-about term in the world of credit cards. It's true that credit cards have been very useful and convenient for us and we, in fact, treat the credit cards as a necessity. However, with every good you have evil too. In the world of credit cards, 'Credit card debt' is that evil and 'Credit card debt consolidation' is often regarded as a medicine for treating credit card debt.

Anyone who has read any newspaper articles on 'Credit card debt' would already know what credit card debt consolidation is. However, just for the benefit of others, credit card debt consolidation, in simple terms, is the process of consolidating debt which you hold on various high APR credit cards onto just one low APR credit card.

Thus, the main benefit of credit card debt consolidation is realized in terms of APR reduction (and hence reduction in credit card debt growth rate). This is touted as the most important benefit (and sometimes the sole benefit) from credit card debt consolidation. However, credit card debt consolidation comes with few more benefits as well. Some of these credit card debt consolidation benefits are widely publicized by the credit card suppliers and some not so much:

1. Initial APR: As mentioned above, lower APR is the biggest benefit from credit card debt consolidation. Since credit card debt consolidation is used by credit card suppliers as a tool to attract consumers, they generally offer a 0% APR for an initial period of 6-9 months of you joining their credit card debt consolidation programmed i.e. first few months after you get the new credit card.
2. Standard APR: Lower standard APR (i.e. the long term APR) is the other important benefit from credit card debt consolidation. Though not all credit card suppliers offer a lower standard APR with credit card debt consolidation some do design credit card debt consolidation programmers with good standard APR. These credit card debt consolidation programmers offer a trade-off between initial and standard APR rates.
3. 0% on purchases: This is another common benefit from credit card debt consolidation. The 0% interest (or some lower percentage) on purchases is offered as an incentive for credit card debt consolidation. This credit card debt consolidation benefit is again applicable only for a short initial period.
4. Easy management: This credit card debt consolidation benefit is not as

discussed as others. However, one benefit of credit card debt consolidation (from multiple to single credit card) is the fact that you need to track and manage a lesser number of credit cards.

5. Other benefits: The credit card debt consolidation exercise might bring you some more benefits in terms of rebates, discounts and reward points (especially if you move to a co-branded card as part of credit card debt consolidation)

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