

Credit Card Applications

If you have good credit, credit card applications will arrive in the mail with alarming regularity. 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 low, low interest rates are only introductory rates. After about six months, the honeymoon period ends and the interest rate shoots up to the real, double digit interest rate. Check the small print or the deliberately boring chart on the back of your credit card applications for the real interest rate. Use the real interest rate to sort your offers, and throw away the offers at the high end. Give your attention only to the offers with the lowest regular interest rates.

The exception is promotional offers offering you a low rate for the life of the loan. If you have a large balance to transfer off another credit card, and you do not plan to charge any purchases to the card after you have transferred the balance, then this kind of promotional offer can be an excellent way to get a low interest rate on a large outstanding balance. 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 companys 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 a selection of credit card applications with attractively low rates, consider their default 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 cards default rate. Choose the lowest you can find.

Once you have a collection of credit card applications with low regular and default interest rates, then you are free to consider the other 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. See also [Secured credit cards](#) --

About the Author

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