

Saving Money on Your Credit Cards

If you have credit cards, you probably have more than one. Credit cards can be useful especially if you have a major purchase to make and you don't want to tie up funds in your regular checking account. But the problem occurs when you go overboard and overspend. You end up racking up large credit card debt.

When you get this far in debt, you have a major problem, for you have to work harder to pay off that debt. Well this doesn't have to be the case if you understand some things about credit cards. As a matter of fact, you can actually save thousands of dollars on your credit card if you know the score.

Take for instance the amount you are paying each month and each year on the interest. Interest is what the bank charges you for using your credit card. It is the way they make money on your purchases. If you are paying more than 12% interest in any one or all of your credit cards, you are paying way too much. With the prime interest rate in the single digits, if lenders charge you more than 12% they are ripping you off. If you have good credit, you should be able to negotiate a lower interest rate on your credit card. Somewhere between 9% and 12% is good. But lower is better.

If you should have a high interested rated credit card, see if you can transfer the balance to a lower interest rate credit card. This will help you save a bundle on your credit card payments.

One of the best ways to save money on your credit cards is to pay the balance when due. Do not let it go by the expiration date or overlap beyond the cut off time for the interest free period. Otherwise, you will be paying interest on top of your principal.

If you own a home, one sure way to pay off your credit cards is to take out a home equity loan. Then take those proceeds and pay off the balance owed. This way you eliminate the credit card payments and have only the one monthly mortgage payment to deal with.

When you do make your monthly payment, it is advisable to pay more than the regular payment. This way you can get the balance paid off faster. By paying off your balance quicker, you end up with extra money at the end of the month you can put into your savings or investments.

If you happen to have more than one credit card, you can pay off all your cards in time by doing the credit card crunch. This is when you pay more than the monthly balance on the credit card with the highest interest, while you make minimum payments on the other cards. Once you have the high interest credit card paid off, you can switch to the next credit card with the highest interest of those left, and pay off the minimum with the other cards. Keep doing this until all credit cards are paid off. While you are doing this, do not place another charge on your credit card.

Don't be a slave to your credit cards. Let your credit cards be your slave instead. Learn to use them only when necessary and remember to use your credit wisely.