

Why Your Credit Card Interest Rate Is Important

Many people receive credit card offers in the mail, they open them up, they call the toll free number, and they open an account. They do all of this without really looking at any of the materials that come with the offer. It is dangerous to do this and that is because in all of that information that comes with the card is your interest rate and if you don't pay attention to what your percentage rate is you can end up in a lot of financial trouble. Pay Attention to the Interest If you are under the impression that all plastic money is the same you are very wrong. The biggest difference between them is not the way they look or what they offer but their annual percentage rates. This is the amount of interest that you will pay on your account balance. Rates vary wildly so you really cannot assume that you are getting a specific rate. Paying attention to this one number can save you a lot of money in the short term as well as grief in the long run. There are debt cards out there with rates as low as 8% and some as high as 29% and perhaps higher. This may not seem like it is worth knowing, but think about the sales tax that you pay on your every day purchases. Look at your receipts next time you go to the store and see how much you are paying for even the smallest purchases. It may just surprise you. When you see that number, think about what it would be if you were paying 29% instead of just seven or eight percent like it is in most areas. You'll be paying a lot and it can make paying off your bill from month to month very difficult, if not impossible. Your percentage rate on your credit cards can make all the difference between being affordable and unaffordable and that is why you need to look into this before you accept any store cards or any other type of plastic money. You may find that some of them are worth having even if they have a higher rate. That is because they have perks such as cash back on some purchases or a rewards program that will save you more money than you will pay out in interest. The idea behind credit cards is not to go into debt. If you aren't fully educated about all of the numbers associated with it then you will dig yourself a hole that will be very hard to get out of. Many people have ended up in serious financial trouble with their charge cards. But if you educate yourself about any opportunities beforehand, it will save you from making the mistakes that a lot of people have made in the past. In fact, you may even be able to increase your credit score as well as your buying power simply by being educated and making educated decisions.

About the Author

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