

# Everything You Need to Know About Balance Transfers

by Jocelyn Baird July 20, 2016



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What do you do when you've gotten in over your head on your [credit card](#) payments and want to get a fresh start? In some cases, you might [consider a personal loan](#), but for the most part performing a balance transfer to a new card with a 0% intro APR on balance transfers can be the key to not only giving yourself more time to pay down your balance, but also saving yourself some money since you won't be paying interest. Not sure what a

balance transfer is or how exactly to do one? You aren't alone. According to [a recent survey](#) we conducted of people ages 18 to 29, 50% didn't know what a balance transfer was. Millennials are likely not the only age group in the dark about this subject, so we've created a guide to balance transfers to shed some light on them.

## Why do a balance transfer in the first place?

There are a number of good reasons to perform a balance transfer. One of the most common reasons is that a person is carrying a balance on a credit card with a high APR — or they're carrying balances on multiple credit cards — and would like to simplify their monthly payments as well as lower their APR to save money. Transferring the balance or balances to a new card, especially one with a long 0% intro APR period on balance transfers like the [Discover it Balance Transfer](#) card (detailed below), which offers an 18-month 0% intro APR on balance transfers, can save you money. That's because you'll immediately stop paying interest on the transferred balance and have more time to pay down your balance without accruing additional interest (assuming you pay off the balance before the 0% intro APR expires) — both are major perks! Additionally, the payments you make after a balance transfer will be going completely toward your credit card balance, rather than a portion (or most) of the payment going toward interest — this can result in some major savings.

Don't believe us? Here's an example: if you're paying \$300/month on a credit card with a \$5,000 balance and 25% interest, you'll pay \$1,206.27 in interest over 21 months (the length of time it'll take to pay the balance off). On the other hand, if you transfer the balance to a card with a 18-month 0% intro APR on balance transfers, like the Discover it Balance Transfer card noted above, the \$300 you pay per month will only be applied to the principal balance since there isn't any interest. This means **you'll pay \$5,150** (note: this total includes the one-time balance transfer fee of 3% of the total) **instead of \$6,206.27 to pay off the balance** and have the card paid off in 18 months if you continue to pay \$300/month.

[This post](#) provides some more examples of just how much you can save with a balance transfer, or you can plug in your transfer amount, monthly payment and credit level into our free [Balance Transfer Calculator](#) to see which balance transfer credit cards can save you the most money. It should be noted that while you may have to pay a balance transfer fee to complete the transfer (usually 3% or 5% of the total transferred), it's likely still worth it, as the fee you'll pay is likely significant lower than the interest you'd pay on the card you're transferring from, which is displayed in the example above.

## How do you complete a balance transfer?

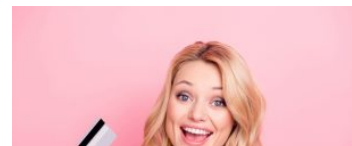
Performing a balance transfer is easier than you probably think. The first step, of course, is to apply and be approved for a new credit card — preferably one offering a long 0% intro APR on balance transfers since you want enough time to pay off your balance. Make sure you read up on the terms of balance transfers, especially when it comes to fees. As we mentioned above, many cards charge a balance transfer fee of 3% to 5%, and this is something you don't want to come as a surprise. Some balance transfer credit cards allow you to initiate the transfer during the application process, which makes things much easier. If the one you select doesn't, you'll have to contact the credit card issuer once your application is approved to initiate the transfer. Either way, you'll need to provide information about the credit card account you're transferring from, including the card issuer and the full account number, as well as the total amount you wish to transfer.

It takes around seven days for most balance transfers to complete, so make sure you pay attention to your old credit card account and don't miss any payments while you wait to verify the transfer has been successfully completed. If you think something might have gone wrong, you can always contact your credit card issuer or bank to find out what the holdup is. Keep in mind, although you might be tempted to

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close your old card once the balance is transferred, that could be harmful to your credit and isn't necessarily advisable.

## Which credit cards are best for balance transfers?



Looking to earn a longer 0% intro APR on balance transfers? If so, the **Discover it Balance Transfer** card not only has an 18-month 0% intro APR on balance transfers and a 6-month 0% intro APR on purchases (after the 0% intro APRs expire, a go-to variable rate applies), but cardholders also earn 5% cash back on purchases in categories that rotate quarterly (up to quarterly maximum, then it's 1%) as well as 1% cash back on all other purchases. It should be noted that you have to sign up to earn 5% back, but Discover will remind you when it's time to do so. There is a balance transfer fee of 3% of the total amount transferred, but that is balanced out with no annual fee as well as no foreign transaction fees — a bonus for those who plan to travel abroad. In addition, Discover will **match the cash back earned within the first year of card membership**, meaning if you earned \$500 by the end of your first year as a card member, it'll be matched for a total of \$1,000 back. Don't have the best credit? Discover it accepts applicants with average to excellent credit (usually a credit score of 670 or higher) and includes your TransUnion credit score on your statement and online.



If you'd prefer a long 0% intro APR period on both purchases and transfers, the **Wells Fargo Platinum Visa Card** makes it a reality. Cardholders will get a stellar 18-month 0% intro APR on balance transfers and purchases, and the balance transfer fee will be 3% for 120 days (increasing to 5% after). In addition, this card features no annual fee and offers cardholders up to \$600 protection on their cell phones (subject to a \$25 deductible per claim, maximum 2 claims per year) against covered theft and damage. Just pay your monthly telephone bill with your Wells Fargo Platinum Visa and you'll be covered. Other features of this card include free FICO credit scores, convenient tools to help you manage your spending and create a budget and \$0 liability protection. This card requires good to excellent credit for approval, typically considered a score of 700 or higher.

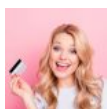


Rounding out our list is the **Citi Double Cash Card** (a NextAdvisor advertiser). This card offers a generous 18-month 0% intro APR on balance transfers (with a 3% or \$5 balance transfer fee, whichever is greater) and no annual fee. Additionally, you earn double cash back on purchases you make with this card — 1% when you buy, as well as 1% when you pay off the purchase. If you're someone who pays your balance in full each month, this card is a great option, but even if you don't, eventually you will earn that additional 1% as you pay off your purchases (although you'll have to pay interest since the 0% intro APR doesn't extend to purchases). This card is available to those with just good credit, as opposed to excellent, and it provides a free Equifax credit score monthly to help you keep track of your credit standing.

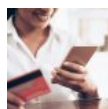
Want to check out the other balance transfer credit cards we've reviewed? You can find them here in our [balance transfer credit card reviews](#). Also, be sure to check out our free [Balance Transfer Calculator](#) to find out how much a balance transfer can actually save you.

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Water March 13, 2017  
Good article

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Vincent DeSanto  October 23, 2016  
Need your phone # please


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Joyce Mechell  October 21, 2016  
These cards for people with excellent credit. The people with the higher interest cards don't have excellent credit for one reason or other. So it's really helping the ones who need the lower interest rates.


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Eva Alma  October 10, 2016  
My Credit Score is 553 Because my Identity was stolen and who ever got my Information when crazy shopping, I,am Unable to get Credit, can I be able To get Credit card, if I prove of my Police and lawyer report, I Really need a credit card, can you help me out  
Eva Alma


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Conrad Leines  September 5, 2016  
How long does a past bankruptcy affect getting one of these great transfer cards? Does it drop off of my credit report eventually?


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Mary Gardner  August 28, 2016  
How can you get approved for one of these credit cards?

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ROBERTA BRADLEY  July 25, 2016  
1. How to know if you can be approved for enough \$\$ to cover what you want to transfer?  
2. After the 18 or 21 month 0% free period – if balance not yet paid off, does the interest then kick in on the unpaid balance, or the amount of the entire transfer?

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Jocelyn is a NextAdvisor.com writer with a love for coffee, reading and all things personal security. She currently covers identity theft, credit monitoring and credit cards. She has been a guest on several radio shows nationwide and her cybersecurity and personal finance expertise have been featured by Forbes, USA Today, Kiplinger's Personal Finance, The Huffington Post and more. She is a graduate of Syracuse University

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