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LOW INTEREST AND 0% INTRO APR

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## How do 0% APR credit cards work?

A card with an introductory APR can allow you to make purchases or transfer a balance without paying interest, for a limited time

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### Summary

A 0% APR credit card can be a fantastic deal that allows you to spend money – or transfer a credit card balance – without paying any interest in the short term, but it may not be the best financial move for you. Here's what you should know before signing up for 0% APR card.

Filed Under: [Account management](#), [Balance Transfers](#), [Low Interest and 0% Intro APR](#)

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If you've ever gotten a solicitation in the mail offering you a credit card with 0% interest, it might have seemed too good to be true.

While a 0% APR credit card can be a fantastic deal that allows you to spend money – or transfer a credit card balance – without paying any interest in the short term, it's not always the best financial move.

### What does 0% APR mean?

A credit card with 0% APR means that a new cardholder does not have to pay any interest on charges or a balance transfer during a preset introductory term, usually somewhere between six and 18 months. If you still have a balance on the card after the introductory rate expires, you'll have to pay interest on it.

Since the interest rates can be substantial once they kick in, it's important to have a plan to pay off any balance on your 0% APR card before the introductory period expires.

See related: [3 strategies to pay off credit card debt](#)

### Why get a 0% APR card?

There are some circumstances in which using a 0% APR card might be a smart financial move. They include:

- **For big purchases:** If you don't have the cash to pay for a large purchase all at once, putting the item on a 0% interest card can give you some breathing room to pay it without incurring interest.
- **For emergency expenses:** For unexpected expenses like a car repair or a large medical bill, you might consider using a 0% interest card if you don't have an emergency fund (or don't want to tap into it).
- **For a balance transfer:** If you have existing credit-card or other high-interest debt, [transferring that balance](#) to a 0% interest credit card can give you time to pay it down without interest accruing.

### When will you get charged interest?

You'll owe interest on the card whenever your introductory rate ends. The card issuer will let you know the length of the introductory period when you sign up for the card. But if you forget, you can always call them to double-check.

Some cards also automatically end the introductory rate if you're [late on a monthly payment](#) during that period, so make sure you know the terms of your card. One way to avoid an early end to the intro rate is to set up automatic payments for at least the minimum amount owed. You'll never accidentally forget to make a payment on time, and you can always make larger payments as needed to further pay down the balance.

See related: [Credit card bill autopayment tips](#)

### How to use your card when the 0% APR period ends

Once the APR on your card has ended, you'll want to use it the same way you'd use a traditional credit card, with the goal of only spending what you can pay off at the end of each month. That way, you won't have to deal with the high interest rates you were trying to avoid in the first place.

Once the introductory offer ends, you may also decide not to use the card anymore at all. You'll want to consider any potential rewards as well as the card's annual fee (if it has one) in determining whether you want to keep it in your wallet.

One note: If the card [does not have an annual fee](#), it may make sense to keep it open even if you're not using it in order to avoid any potential short-term damage to your credit score by closing it. When you close a credit card, that account's credit limit will no longer be factored into your [credit utilization ratio](#), which makes up 30% of your FICO score. Depending on what balances you carry on other credit cards you own, closing your 0% APR card could raise your credit utilization ratio and lower your score.

See related: [How to cancel a credit card without hurting your score](#)

### Best cards for 0% APR

The best 0% APR card for you will depend on several factors, including which card you qualify for, the credit limit you need, rewards or perks offered by the card, and the cost of fees. Some cards to consider include:

#### Discover it® Cash Back

The 0% rate lasts for 14 months and applies to new purchases as well as balance transfers made through June 10. The balance transfer fee is 3% of each transfer during the introductory period and 5% for transfers made after June 10. After the introductory rate expires, the regular interest rate is variable, between 11.99% and 22.99%, depending on your credit and the prime rate. There is no annual fee.

The Discover it Cash Back also offers [5% bonus cash back](#) in selected categories each quarter, on up to \$1,500 in combined spending, after you activate. All other purchases earn 1%.

#### Citi Diamond Preferred® Card

The 0% rate lasts for new purchases for 18 months after you open the account. Balance transfers made within four months of opening the account will carry 0% interest for 18 months from the first transfer date. The balance transfer fee is either \$5 or 3% of the balance transfer, whichever is higher. After the introductory rate expires, the regular interest rate is 14.74% to 24.74% variable, depending on your credit score. There is no annual fee, but the card does not offer rewards.

#### Chase Freedom Unlimited

This card offers a 0% introductory rate on purchases for the first 15 months, but it does not apply to balance transfers. After the introductory period, the card's regular interest rate is 14.99% to 23.74% variable. There is no annual fee.

The Chase Freedom Unlimited also offers bonus cash back in a few categories, including 5% back on Lyft purchases through March 2022, 5% back on travel purchased through [Chase Ultimate Rewards](#) and 3% on dining and drugstore purchases (1.5% on everything else).

### Bottom line

Credit cards with 0% APR can be an excellent financial tool in some situations and save you from paying interest on large purchases or balance transfers. Still, it's important to understand how they work and have a plan to pay off any balance during the introductory period in order to truly get the savings.

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**Beth Braverman** is a freelance journalist writing about personal finance, careers and parenting. She enjoys traveling, cooking and cashing in her hard-earned credit card rewards.

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In [Low Interest and 0% Intro APR](#)



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National Average	Business	Airline	Reward	Instant Approval
<b>16.12%</b>	<b>14.22%</b>	<b>15.53%</b>	<b>15.81%</b>	<b>18.47%</b>
Low Interest	Balance Transfer	Cash Back	Student	Bad Credit
<b>12.90%</b>	<b>14.04%</b>	<b>15.94%</b>	<b>15.98%</b>	<b>25.30%</b>

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