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Pay less to carry a balance with a low interest card.

by Derek Lenehan

Low interest credit cards are exactly that. They have lower APRs than most other credit cards, but usually at the expense of less features, though not all the time. There are a few select cards out there that have great rewards and low interest rates, but if your credit is good enough to get one, odds are you don't need to care about just about all of this article.

A typical low interest card will have a 0% APR for up to a year, and then a standard APR of somewhere between 11% and 16%. For example, the Chase Platinum Visa card has a full 12 months of 0% APR, and a standard APR of 13.74%, with no annual fee. There are lower APR cards than this specific one out there, but this card can be acquired with good credit, while the rest almost always require excellent credit.

Let's look at a rewards card now. The Hilton HHonors Platinum Rewards American Express card offers wonderful benefits for those who like to vacation, and it also has a very appealing introductory APR of 2.60%. However, the introductory period is only six months, and the standard APR goes up to 17.99%.

If you took a few people off the street and showed them both of the cards, I'd be willing to bet they'd select the Hilton rewards card over the Platinum Visa. To most of us, rewards are more appealing because the image of jet-setting is more exciting than the image of a slightly smaller number on our credit card bill, but this is a common mistake that you should try to avoid. You can store up on rewards points all you want, but if you keep a large balance each month, a higher interest rate will cost you as much over a the course of a year as you'd save using your points to fly to Aruba.

But hey, on the other hand, if you do not keep a high monthly balance, low interest cards may not be for you. The difference between a 15.99% APR and a 10.74% might not be that much if your typical balance each month is only \$300 or so. If that's the case, look at reward offering cards, you'll be better served. If not, you're like the rest of us and have a monthly balance higher than you can count, so go for the low interest cards.

The most important thing in choosing a credit card, to me at least, is the interest rate. When I see a card advertisement, I immediately seek out the card's regular APR after the introductory period. The interest on my debt is what banks need to make money. Knowing that, I feel like the interest rate is the core of any card, no matter what special effects it has.

by Derek Lenehan

Derek Lenehan is majoring in Magazine Journalism at Kent State University. He is also the Academic Affairs reporter for the Daily Kent Stater.

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