

## Reduce Your Interest Rates

Most credit cards charge interest anywhere from 0% to 20%. Heck, we've seen cards that charge as much as 41%! But you can negotiate with your credit card company for a lower rate, particularly if you've had any of your cards for a while.

Call them up to demand a lower rate. Shoot for 9% or 12%. You'd be surprised at how easy it is.

### Here's how:

- 1. Take out your *Get to Know Your Debt* worksheet.**
- 2. Start with a card** that you've had for a while, and to which you haven't made any late payments.
- 3. Flip over your card and dial the customer service number.**
- 4. Start negotiating.** Consider this sample script — our exclusive *Rate Negotiation Dialogue™* at right — for ideas on what to say.
- 5. Record your new rates** on the *Get to Know Your Debt* worksheet. If you don't get what you want the first time, try to get another customer service rep or supervisor on the line. Still won't budge? Mark your calendar and call back in a few months.
- 6. You might want to combine your debts** onto one or two of your lowest rate cards if you can. (If you're maxed out on those cards, then forget it.) Simply call your lender and ask how to transfer funds. And be sure to find out what fees — if any — you'll be charged. Weight those against any interest savings before making the move.

### Rate Negotiation Dialogue™

#### Sample Script

**You:** "I just got this incredibly great offer in the mail for a new credit card that has an introductory interest rate of only 5.9%! I don't really want to switch cards, since your service has been great. But even though I've had your card for three years, I'm still paying a 17% rate on my balance. I'm going to have to transfer my balance unless you can lower the interest rate."

**Them:** (The sound of a flurry of keyboard rat-a-tat-taps and your credit and payment history being scrutinized.) "Hmmm ... well, that is the going rate ... let's see ..."

**You:** "Sure, but I can pay a lot less in interest if I transfer my balance. I really need you to reduce the rate to 11% or so."

**Them:** "Let me check with my supervisor ... OK, how about 11.8%?"

**You:** "No problem." (Now go treat yourself to a snack — a cheap one! — for saving some bucks!)

This may not work as well if you're frequently late with your payments and deeply in debt. But it can't hurt to at least ask for an interest rate reduction on all your cards. If you have a solid track record, don't litter, are generally polite, or can affect a halfway decent French accent during the call, your lender should be willing to offer you a lower rate to keep from losing you to the competition.