

WTNS Radio OSU Extension Update for February 20, 2023
Healthy People. Healthy Finances. Healthy Relationships.

On today's OSU Extension update for Healthy People, Healthy Finances, & Healthy Relationships we'll talk about credit card debt, and as always look at some upcoming programs from OSU Extension.

I feel like I don't get quite as much junk mail as I used to, but I certainly do get some. I like opening these letters every once in a while to see what they are hoping to tell me or sell me. The latest was from my bank telling me about an opportunity to transfer my credit card balance to a new credit card that has 0% interest.

Now first of all, this is one area where I really do practice what I preach. I use my credit card for convenience. I also pay it off completely every month so that I never incur interest.

But it did get me thinking. Is there ever a good time to do this? Is it ever wise to transfer debt from one high interest credit card to another credit card?

There are different types of credit cards and one of those is a balance transfer credit card. According to Cuihua Lin, Financial Wellness for College Students Peer Educator, University of Illinois Extension, a balance transfer credit card allows you to transfer a high-interest credit card debt to a new credit card with a lower interest rate. "Depending on the bank or company, the interest rate can reach as low as 0% and can typically last up to a year. If you're often carrying a large credit card balance, this might be a good option to have. However, if the new credit card has a balance transfer fee and annual fee, balance transfers can get expensive."

As a good consumer, this is where you need to read the fine print. Claire Tsosie of Nerdwallet.com says that there are two things to consider. There is generally a balance transfer fee, and this is usually 3% to 5% of the total transferred. So, if you have \$5,000 on your card, expect to be charged up to \$250 to transfer. That may seem like a lot, but you should also take into consideration the current amount you are paying in interest. If your interest rate is 20%, and you take a year to pay off this \$5,000 debt (without adding any more to the card), then you would pay upwards of \$500 in interest.

Another thing to consider is that the balance transfer card may have a low limit. This means you might not be able to transfer your full balance. Often the promotion will be 12-18 months at 0%

interest. If you are disciplined and have a plan, then transferring the balance to a new card could be beneficial.

Could be. The most important thing to consider is how this happened. Why are you carrying this high balance on your credit card? Was it due to an unforeseen medical expense or household repair or vehicle repair? Are you confident that if you divide the total amount by 12 you can pay that much each and every month to completely pay off the balance?

Or is this balance the result of everyday life? Groceries, gas, utility bills, etc. Do you know if your current income exceeds your expenses? If you are spending more than you make, this can often show up on credit cards. With this habit, no matter how many times you transfer a balance, you will not be able to pay it off without increasing income.

Utah State University Extension has a free, useful tool to help you determine where you stand in relationship to paying off credit card debt. Check out “PowerPay” by typing Utah State Extension Power Play into your favorite search engine.

And now let’s look at some upcoming programs from OSU Extension. Whether you have been living with diabetes for years or are just beginning your journey, come and learn about healthy choices that taste good. I will be teaching a “Healthy Eating with Diabetes” program this Thursday, February 23 at 11:00 AM at the Coshocton Senior Center. I will share diabetes management strategies and a healthy snack.

Also, registration is open for the East Ohio Women in Agriculture Conference. This year’s conference will be in Wooster on Friday, March 24. This year’s keynote speaker is Rebecca Miller, editor of Farm and Dairy. There will be 16 breakout sessions on a variety of livestock, crop, and business topics as well as those relating to home, family, and communication. Visit our Facebook page, OSU Extension Coshocton County, for more information.

In closing, at OSU Extension, we are proud to work for Coshocton County to help educate and improve our families, farms, and businesses. Please feel free to contact OSU Extension for more information at 740-622-2265 or visit our website at coshocton.osu.edu. Make it a healthy day!