

Office for Financial Success – Financial Tip of the Week

A service of the Personal Financial Planning Department
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NEGOTIATING A LOWER CC RATE

Any “get out of debt” strategies/plans you come across will consistently tell you to lower your credit card rates. Obviously this is good advice and a no-brainer strategy – if I can repay my credit card debt at 10% instead of 20%, I’ll be better off. What most of these plans leave out is how you go about getting a lower rate on your credit card. Let me share some ideas with you if you find yourself in a high rate CC situation.

1. Call your credit card company and ask for a lower interest rate. Most have lower rates available to good customers (customers paying on time every month), but they don’t volunteer the information ... you have to ask. This is likely to work if your high rate was the result of a missed payment and not a long-term problem.
2. If your card refuses to give you a lower rate, find one that will. Do some homework – there are over 30,000 credit cards out there. In this type of competitive industry, if someone won’t treat you the way you deserve, someone else will. A few websites to search for no-fee, low rate cards [assuming you haven’t already gotten several acceptable offers] include:
 - a. **CardRatings.com** (<http://www.cardratings.com/cardrepfr.html>)
 - b. **CardWeb.com** (<http://www.cardweb.com/cardlocator/>)
 - c. **CreditCards.com** (<http://www.creditcards.com/>)
 - d. **Index Credit Cards** (<http://indexcreditcards.com/>)

After you’ve done your homework, contact your company to inform them of your offer [be specific]. Being specific is important, because an offer in hand will create leverage for you. Let them know that you wanted them to have the opportunity to match the competitor offer before you transferred your balance. Ask to speak with a supervisor if necessary. Here is a sample script:

(http://www.oprah.com/money/debtdiet/steps/debtdiet_steps_03_b.jhtml)

3. Be prepared to switch. If what you’ve tried to this point hasn’t worked, consider switching to a card that is more interested in your business. If you have a card without a balance, call that company first to see if they have a balance transfer special prior to opening a new account.

Call confidently – a 2002 study found that more than half of people [from a wide variety of credit situations] that called to request a lower credit card rate were

granted their request – from an average starting rate of 16% to a lowered rate of 10.47%. I met with a student this afternoon and we talked about her credit card rate and tactics she could explore to lower her rate. All of these things were discussed – the source of these suggestions to negotiating with your CC ...?
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