

Balance Transfers Explained

What is a Balance Transfer?

A balance transfer provides cardholders the opportunity to transfer debt from one credit card to their credit union credit card.

What are the benefits to a balance transfer and why should you consider it?

A balance transfer can offer several benefits:

- **Low Interest Rates:** Take advantage of the 0% balance transfer rate on your credit union credit card, allowing you to save money on interest payments.
- **Debt Consolidation:** If you have multiple credit card debts, you can consolidate them into one, making it easier to manage your payments.
- **Savings on Interest:** By transferring a high-interest balance to a credit union card with a 0% interest rate during the promotional period, you can reduce the overall amount that you pay in interest.
- **Pay off Debt Faster:** With a 0% interest rate, more of your payment goes to reducing the principal amount, helping you pay off your outstanding debt much faster.

How does the 2% balance transfer fee work?

A balance transfer fee is a **one-time charge** applied at the time the balance transfers to your credit union credit card. It is calculated as a percentage of the amount you are transferring. For example, with this special promotional rate of 0% balance transfer at a 2% fee during the promotional period, if you were to transfer \$1,000, you would have to pay a one-time fee of \$20. This fee is added to your new credit card balance. So, if you transfer \$1,000 with the 2% balance transfer fee, your new balance on the credit card would be \$1,020.

Below is a chart with examples of total balance transfer amounts given this special offer.

Principal Amount Transferred to Card	2% One-Time Fee	New Total Balance
\$500	\$10	\$510
\$1,000	\$20	\$1,020
\$2,500	\$50	\$2,550
\$5,000	\$100	\$5,100
\$7,500	\$150	\$7,650

Note: Cardholders can transfer an amount within the limits of their existing credit balance. For example, if their present credit limit with their credit card is \$7,500 and their current outstanding balance is \$2,000, they are eligible for a balance transfer of up to \$5,500. It's important to adhere to this rule to facilitate a smooth transfer process.

Below is a chart that better illustrates the limitations of how much a cardholder can balance transfer.

Credit Limit Amount	Current Balance	Total Amount Qualified for Balance Transfer	2% Fee on Total Amount Qualified for Balance Transfer	Total Amount Qualified for Balance Transfer with 2% Fee Applied
\$5,000	\$1,200	Up to \$3,800	\$76	Up to \$3,724
\$7,500	\$3,500	Up to \$4,000	\$80	Up to \$3,920
\$8,500	\$4,000	Up to \$4,500	\$90	Up to \$4,410
\$10,000	\$5,000	Up to \$5,000	\$100	Up to \$4,900

What types of debt can you transfer using a balance transfer?

You can transfer various types of credit card debt when taking advantage of the 0% balance transfer offer at a 2% fee, including:

- **Credit Card Balances:** Transfer outstanding balances from one credit card to another, especially if you're moving from a high-interest card to one with a lower interest rate.
- **Store Card Balances:** Balances from retail store credit cards can be transferred to your credit union credit card.

Note: Auto loans, student loans, medical debt, or any other types of personal loans are not eligible.

Is there a minimum and maximum balance transfer amount?

The minimum balance transfer amount to be eligible for this offer is **\$500**.

The maximum balance transfer amount to be eligible for this offer is **\$7,500**.

Please refer to Terms and Conditions on Zift for exceptions pertaining to the maximum balance transfer amount to be eligible.

Note : The transfer must be within the existing credit limit.

Will a balance transfer affect your credit score?

Yes. Transferring balances can accelerate debt repayment, potentially boosting your credit score, as credit agencies weigh debt heavily in determining your credit score rating. Carrying debt on fewer credit cards while lowering your credit card debt may improve your credit score.

When seeking a new credit card with a balance transfer offer a credit check will be processed. This will be visible on your credit report and may temporarily impact your score.

Can you earn rewards on a balance transfer?

Cardholders will not earn rewards on a balance transfer offer. The aim of the balance transfer is to lower your overall debt and be able to pay off as quickly as possible.

What happens when the balance transfer promotion ends?

When the 0% balance transfer at a 2% fee promotion ends, here's what will happen:

- **Interest Rate:** If you have not paid off the transferred balance within the promotional period, the remaining balance will be subject to the regular interest rate of the new credit card that was applied for. This rate is higher than the promotional rate, so your interest charges can significantly increase. Please utilize the balance transfer calculator on Zift to understand how much you would be spending after the promotional period has ended and how much you would save should you pay off your entire balance during the promotional period.
- **Minimum Payments:** You're required to make minimum payments on the transferred balance. If you miss a payment, you could incur late fees, ultimately affecting your credit score.
- **New Purchases:** Any new purchases made on the balance transfer credit card after the promotion has ended will accrue interest from the purchase date.

To maximize the benefits of a 0% balance transfer at a 2% fee, aim to pay off the transferred balance within the promotional period and understand how the regular interest rate and other fees will apply once the promotional period has ended.