



Christmas leftovers not so appealing

The strategy: To get rid of that silly season credit card debt.

Research commissioned by Aussie says the average Australian spent more than \$1000 on their plastic during the 2009-2010 holiday season and now owes more than \$3200.

Almost one in three — 29.1 per cent — said they spent up to \$2500 in the silly season and 19.9 per cent spent between \$2500 and \$10,000.

Most reckoned it would take them three months to pay off, though Aussie founder John Symond is probably right in thinking that will be a big ask, given high credit card interest rates.

More than half the respondents were paying 16 to 20 per cent rates on

their credit cards. Mr Symond said a consumer paying 20 per cent interest on a \$3200 balance would need to make a monthly repayment of \$1102, more than \$246 a week, to clear the debt before Easter.

The simple fact is you don't need to be paying 20 per cent interest. Thanks to intense competition there are a swag of cards offering lower interest rates or deals where you pay zero or low interest.

Online company Mozo says working out which card is best for you depends on how long it will realistically take to pay off the debt. Cards offering zero interest on balance transfers typically do so for only a lim-

ited period, whereas others offer a low rate for the life of the transfer.

Mozo selected a \$3000 credit card debt. It assumed the borrower made only the minimum monthly repayment. With a standard card with one of the big four banks, it would take eight years and cost more than \$4000 in interest and fees.

The best deal was a balance-transfer card with a low rate for the life of the transfer. Mozo says these don't have the sting of reverting to a regular credit card rate after the introductory term. At 4.9 per cent, consumers would save more than \$3000 in interest and the debt could be paid off four years earlier. **ANNETTE SAMPSON**