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much it helps versus how much it hurts your clients' financial outlook. A loan may be necessary at times. And if they can get that cash infusion for zero percent ...

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With a new year comes new opportunities to help your clients navigate any changes they're facing as a result of the flip of the calendar. Let them know that one of the most effective ways they can make every dollar count is to stop wasting their hard-earned cash paying credit card companies interest.

A lot of credit card companies are offering a new year 0% APR on balance transfers.

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during a promotional period, that's ideal. When looking for a barometer to measure the cost of the loan against, there's no better baseline than nothing.

The trick is to minimize the cost of borrowing. Unhindered, interest rates can go as high as 79.9 percent, an exorbitant rate reported in 2018 that a bank charged high-risk borrowers. More often, credit card interest rates average between 14 and 29 percent. But even a low 14 percent can cost a good chunk of change over a year. Consider:

- Paying off \$1,000 at 14% over one year costs nearly \$330.
- Taking one year to pay off \$5,000 at 18% — pretty average — runs about \$2,875.
- Imagine \$7,500 at 24% — common if clients don't have a near perfect credit score — and they drop a whopping \$14,774 by the end of a year, assuming they make minimum payments and don't charge anything else.

Fees, interest charges and other hidden fees the credit card companies love to impose cost money that could go for much more worthy causes — like the family's vacation fund. So instead of carrying credit card debt for that \$7,500 they may need to buy equipment for a business, for example, they should look for ways to borrow at zero interest, pay it off during the promotional period and spend that extra \$6,274 on a better vacation.

## **Advise Clients of the Best Deals – Like Zero Interest**

The best deals to take advantage of — as part of a January wallet-cleaning or any time during the year — are those that allow your clients to transfer their credit card balance from high-interest-rate cards to a zero-interest-rate card. Most of these promotions are good for anywhere from 12 to 15 months.

The reason credit card companies are so eager to make these offers every year is because most people do this once and forget about it, easily slipping back into just

sending off a monthly credit card payment with little thought to the money they're

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on their credit card debt using a zero-interest account with no fees.

Explain how they can use this honeymoon period to pay off the loan: by keeping payments the same — or better yet, increasing the monthly payment amount. And as long as they ignore minimum payments designed to keep them in the monthly payment loop, they increase the odds of dismissing that loan.

## **Make Sure Your Clients Know ALL the Options**

For those who can't swing a complete payoff during the interest-free period, there's another option. Next year, when another credit card company offers a year-long zero-interest credit card, advise them to go through the process once again — transfer the balance on the now interest-bearing card to a new credit card. They can stay on top of it, with your help, by just marking the calendar with the date the interest-free period expires and when that date arrives, search for a new credit card provider with a New Year offer.

The goal for all accountants is to make sure our clients live a financially healthy life, debt free — not to live without credit cards. Once they've paid off their outstanding credit card debt, they need to pay them off each month and never pay interest again! A large source of anxiety in America is debt. Help your clients lose that anxiety by eliminating credit card debt and adding more peace and tranquility to their lives.

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Paul Miller is the founder of [Miller & Company LLP](#), a New York City-based CPA firm. Miller & Company LLP is a full-service accounting, tax planning, tax preparation, and business advisory firm officially formed in 2002. In the years since, Miller & Company has seen phenomenal growth. Now a respected CPA firm throughout New York City and nationwide, the company has grown to a staff of more than 15

employees. It services approximately 1,700 clients and has experienced an annual

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