Money Moves to Make While Interest Rates are High

Today, interest rates are higher than they've been in over 20 years. As the rates have been steadily increasing through the past year, many feel the effects in the form of higher costs to borrow money for loans and lines of credit. But there is something good that can come with higher rates: increased savings earnings.

Interra Credit Union can help you make the most of today's high rates by finding balance, minimizing costs, and using the high rates to your advantage.

Build An Emergency Fund

If you don't already have an emergency fund started, it's time to start saving. Because interest rates are high, you'll be able to reach your savings goals more quickly.

When it comes to emergency funds, you should always make sure to have at least 6 months of your living expenses in a high-yield savings account. That way, you'll have access to your money when you need it while still allowing for regular deposits.

This type of fund protects you from unexpected expenses or loss; if you find yourself in a crisis, you'll still be able to cover your cost of living.

Save Towards Other Goals

Once you've gotten your emergency fund where you'd like it to be, it's time to save towards other financial goals. If you set aside money in a high-yield savings account, you can earn interest on big goals like a down payment on a house, a big vacation, buying a car, home renovations, or purchasing holiday gifts.

If you have multiple goals in mind, consider opening a few different savings accounts so each goal has its own, separate place.

At Interra, we have a few different types of savings accounts, including Individual Retirement Accounts, Money Market Accounts, Health Savings Accounts, Educational Savings Accounts, and Kid Savings Accounts. What's especially helpful are our

Christmas Club Accounts that you can deposit into all year, and that money will transfer into your account on November 1st for holiday shopping!

Pay Down Debt

If your debt has variable interest rates, like many credit cards do, it's more important than ever to pay it down. As federal interest rates rise, your credit card interest will rise as well, and that means paying a whole lot more towards your balance over time.

Make a list of all your debt and the interest rates associated with them, along with the monthly payments and the time you've got left on the loans. With this information on your side, make a plan on how to tackle your debt and avoid getting bitten by rising rates.

Transfer Credit Cards

If you have the opportunity to transfer your credit to an account with lower APR, that's what you should do — it could help lower your payoff amount by hundreds or even thousands of dollars.

You can spend time paying down your card without worrying about interest if you find a balance transfer card with a 0% introductory APR. To qualify for this type of card, you need excellent credit and will have to pay a balance transfer fee up front. This introductory APR lasts anywhere from 12-21 months and, after that, the higher APR listed in your agreement will take place.

Interra offers both Elite and Standard credit cards worth transferring to, since they have low rates, amazing benefits, and a helpful 25-day grace period.

Lock In a Certificate of Deposit

You might be able to earn more with a certificate of deposit (CD) than you could with a high-yield savings account, as some CDs rates are reaching 5.25% and 5.35% APY.

At Interra, we call our CDs "Share Certificates." These accounts provide a safe and secure way to grow your money.

A Share Certificate takes commitment, though, because you're locking in your full balance up front without being able to contribute for the entire account term. There are such things as short-term Share Certificates, but a long-term Share Certificate might serve you better (if you can swing it) because you're taking advantage of the current high rate far into the future.

Lock In Your Mortgage Rate

Many lenders offer a mortgage rate lock that locks in the rate that you pay until you close on your home – as long as you don't change anything about your application. A mortgage rate lock allows you to take advantage of a dip in rates and stay unaffected by the volatility of the market.

Try to Boost Your Credit Score

A good credit score means being eligible for low APRs. If you need to borrow money in a time of high interest rates, you need a good credit score in your corner. To improve your credit score, you can:

- Parse through your report and dispute errors.
- Enroll in autopay to make sure you pay bills on time.
- Steadily pay down debt.
- Ask for a credit limit increase.
- Avoid closing old accounts.
- Avoid applying for new credit products.
- If you must borrow, be sure to compare interest rates.

You can learn more about your credit score by checking out our FICO score page.

Find Stability With Interra

Even though you can't control the economy, you can control how you respond to the way it fluctuates. This is the perfect time to make smart credit decisions, save money, and reach your goals — all with the help of your expert team at Interra Credit Union.

Become a member today and experience the stability of a credit union during stressful financial times. We'll help you make the most of your money, no matter how you choose to use it.