

# Around the House

December 2008

## Points of Interest...

- Consumer Come-Ons to Be Aware of.
- Manage Your Credit Card Balances.
- How to Get Rid of Your Old Stuff – 3 Distinct Categories.

## 9 Consumer Come-Ons to Get You to Buy!

There is a tug-o-war going on between consumers and retailers. You want to save as much money as you possibly can. They want you to buy MORE. Yes, they have their ways – with come-ons and add-ons – but awareness can save you major money.

1. **Deceptive Price Tags** – Grocery and drug stores use neon-colored price markers that *suggest* that the item is on sale. Sometimes they use the same tactic on the *generic brands*, when in fact, generic is always cheaper. It's important to know the price of the item – a neon price sticker does not mean that the product is on sale – in some instances they have *increased* the price.
2. **Buying Extended Warranties** – *Consumer Reports* says that it almost never pays to buy an extended warranty. Before you buy, check the Internet. How often has the product broken down? What is the cost to fix it? Usually, fixing the problem costs less than the price of the warranty.
3. **No Payments – No Interest for 6 Months** – Ask yourself this question, *if you can't afford to pay for it now, will you be able to afford it in 6 months?* It's tempting to let payment slide for 180 days but if you don't pay the full amount after the stated number of months, you will have to pay the interest for those "free" 6 months – in other words, interest on top of interest.
4. **Store Credit Card Offers** – At the checkout counter, the clerk informs you that you can save 10% if you open a store credit card. Store credit cards are no bargain either – interest rates usually start at 18%. Keep in mind that opening too many credit cards can also decrease your credit score.
5. **The "Expert" Salesperson** – Beware of salespeople who tell you they are *experts* – especially at the electronic store or car dealership. Do your research online, reading reviews by other consumers and using price-comparison tools have made it much easier to negotiate. Do you really want to rely solely on the store's so-called expert?
6. **Limited-Time Offer Price/Product** – While stores limit the quantity of certain types of merchandise, it's also used as a come-on to get you into the store. If you arrive at the store and the *limited-time-offer product has been sold out*, this is when the salesperson might try to sell you a similar product at a higher price.
7. **The Monthly Payment Office** – Stores advertising *monthly payments* merely disguise the true cost of the product. If you plan to make a big-ticket purchase, tell them you plan to pay cash and negotiate the best sales price first. Then, and only then, should you discuss payment options.
8. **Buy-One-Get-One-Free Offers/Buy 2 for \$5 Offers** – Check the small print to see if you can buy just one for half the promo price. Know your prices. Let's say that the offer is to buy 2 items for \$5 dollars. However, the price of buying just one item is \$2.69. Do you really need the 2<sup>nd</sup> item?
9. **Today-Only Deals** – If the price is *only good for today*, walk away unless you have done your research, wanted to buy the product anyway, and you are certain that it's a discounted price. Beware of salespeople who ask, "What can I do to get you to buy today?"

Lissette Cancio  
First Time Home  
Buyer Specialist  
866-790-7883 Office  
561-327-7147 Direct  
305-798-3714 Cell

## How to Strategically Manage Your Credit Card Balances

Linda Ferrari, author of *The Big Score: Getting It and Keeping It – Buying Power for Life!* says that one of the best-kept secrets for improving your credit score is to manage your credit card balances. It's important that you understand the significant impact your credit score has on the interest rate of your other installment loans; even your insurance premiums (both auto and home). There are specific rules that the credit scoring systems use to rate credit card balances—and you can use them to manage your own credit score!

- ❑ To IMPROVE your score, keep your credit card balances on all credit cards under 30% of the available limit on the statement date.
- ❑ To MAINTAIN your score, it's okay to keep the balances on all of your credit cards between 30% to 49% of the available limit on the statement date.

*As a matter of clarification, “**Statement Date**” means the date your actual statement is printed or emailed to you. It is not the due date. What most consumers don't realize is that the balance printed on your statement is the balance that gets reported to the credit bureaus and it is the balance-to-limit ratio that shows in your score. So make sure that you find out from each of your credit card companies, what date they print your statement, and make your payment before that date.*

Here are some tips to help you maintain your scores and manage your limits wisely:

- ❑ If you have to charge more than 30 to 50% of your available limit as defined above, then make sure you pay that balance down immediately.
- ❑ If you cannot pay down the balance to 30-50%, then call your credit card company and ask for the *limit increase* but without having to obtain another credit report. You'd be surprised on how many companies will increase your limit if you have maintained a good payment record.
- ❑ Pay your balances across the board—in other words, it will not help if you pay down one credit card at a time. If you have 3 credit cards, with 80% of their limit, pay them in equal increments so the balances decrease all at the same time.
- ❑ Do not consolidate your credit card debt into one low-interest rate card UNLESS, if after the debt transfer, the balance on the new credit card is under the 30-50% of the available limit.
- ❑ Don't go over your credit card limits—even if it's only one dollar. Doing so could cause you to lose 100 points or more. The scoring system interprets that you might be over-extended and creates a negative impact on your overall rating.
- ❑ Be careful with American Express Cards. They have NO available credit limits and as a result, the scoring system will use last month's statement as your “limit”. If you spent \$2,000 last month (and paid it off) and then spent \$3,500 this month, it appears (at least to the scoring system) that you are over your limit. The best way to deal with AMEX is to make sure you pay your bill before the statement date.

When you understand the system and how your credit score is calculated, it will not only help you improve your score, but will have a huge impact on your finances.



## Purge-Your-Possessions Primer: How to Get Rid of Your Old Stuff

With the New Year just around the corner, you may have thought of getting rid of your old stuff, but just don't know where to start. As you begin to sort thru your *cherished belongings*, there are three disposal categories to consider: Selling It; Giving It Away or Dumping It.

Here's a Purge-Your-Possessions Primer that will help get you started.

### Try Giving It Away –

***If it's working or in decent shape***, ask family and friends first. If they don't want your treasures, try posting it on [www.FreeCycle.org](http://www.FreeCycle.org). CraigsList.org has a page where you can also list free items. If all else fails, put the item in your front yard, with a sign that says "free" and it will be gone in no time.

***If nobody wants it***, Goodwill or Salvation Army will take just about anything – and your donation might be tax deductible. Make a list of each item you donate, along with its value, and the organization will give you a receipt as proof for the IRS.



***If old electronics***, you can recycle old computers, cell phones or TVs at retailers like Best Buy, Office Depot, or Staples. The electronics industry has a website where you can find the nearest recycling location for these types of products at [www.EIAE.org](http://www.EIAE.org).

### Try Selling It –

***If you have nice stuff***, try a consignment shop. Some only accept clothing. Others accept toys, sporting goods, musical equipment and furniture. If it's in decent shape, you might get 40 to 50% of the price the consignment shop sells it for. If it doesn't sell, you get it back or you can elect to allow them to donate it for you.



***If you have odds-and-ends***, try auction sites like Ebay. Or you might want to contact a local auctioneer and include your stuff in one of their auctions. This works especially well if, for example, you have a collection of dice you no longer want.

***If you have heavy metal objects***, a scrap metal dealer might buy them from you. You are usually paid by the pound. Aluminum and stainless steel items fetch the most money, but they may not accept other types of metals.

### Try Dumping It –

***If it's really junk***, check your yellow pages or online for junk hauling companies. Call your local dump and see if they will accept your stuff. If not, ask them for a recommendation. This option will cost you some money, but it's worth it just to take it off your hands and help you get organized, all the while creating more space in your home.



## **About Approved Team Lending.....**

*Approved Team Lending is a team of Experienced Mortgage Professionals dedicated to putting our clients FIRST. We strive to build long-term relationships by helping clients achieve their goals and uphold a culture based on integrity and fair dealings. We feel that keeping our clients informed about new loan programs, ways to improve credit, and tips on managing their financial well-being are critical in maintaining good relationships. Once you join our team, you will fully experience what it means to have your needs put first.*

### **Contact Information:**

Lisette Cancio

First Time Home Buyer Specialist

1375 Gateway Blvd

Boynton Beach, FL 33426

Phone #: 866-790-7883

Direct #: 561-327-7147

Cell #: 305-798-3714

[Lisette@approvedteamlending.com](mailto:Lisette@approvedteamlending.com)

[www.ApprovedTeamLending.com](http://www.ApprovedTeamLending.com)