

## FINANCIAL

## FACT OR FICTION

FACTS

MYTHS

Three popular beliefs about money... (that aren't always true)

If you're trying to figure out the best ways to handle your money, don't believe everything you hear. Some common "facts" might be a little less than true. Check out these money myths that could cost you.

### MYTH #1: CREDIT CARDS ARE BAD

It's true that if you abuse credit cards, you can end up owing tons of money. But if you pay off your credit card balance every month, they're actually a powerful tool for building your credit.

**TRUTH TIP:** Good credit can help you get loans (hello, new car!), awesome credit card deals, and possibly cheaper insurance rates.

### MYTH #2: MONEY HACKS ARE ALWAYS WORTH IT

Buying used, free fast food items, 0% financing, and researching online coupons may be good ideas—but they don't always save you money in the long run. Weigh the total cost of a purchase against the short-term savings. **Do your research!**

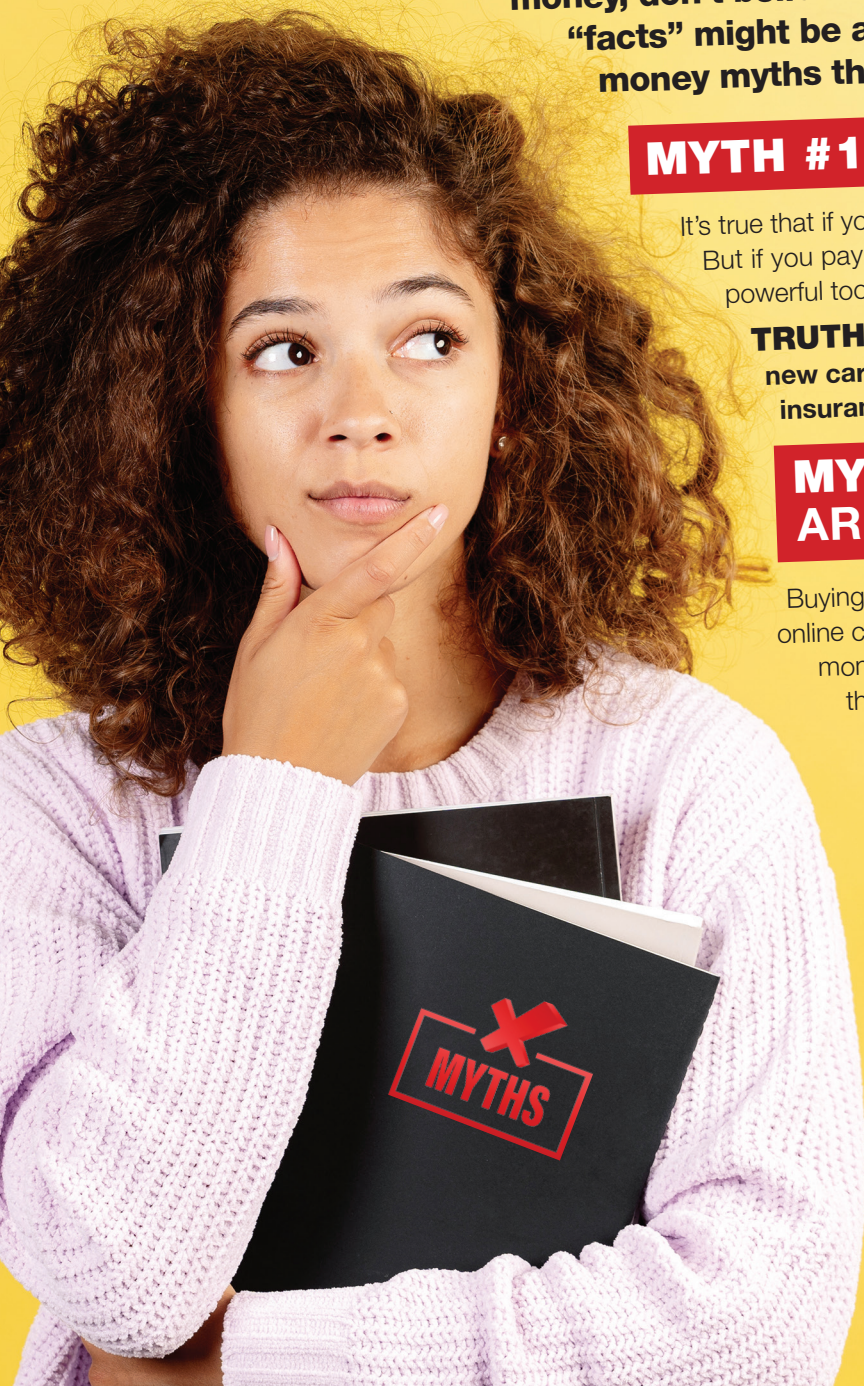
For example, if you buy a used video game but have to replace it soon because it stops working, you're not actually saving money.

**TRUTH TIP:** If it sounds too good to be true, it probably is—look around for a smarter deal.

### MYTH #3: CLEARANCE SALES ARE THE BEST BARGAIN

Don't be tempted by really low price tags. If you don't need the discounted item, or weren't planning to buy it in the first place, the super sale isn't much of a deal.

**TRUTH TIP:** It's smart to shop sales—but only when you actually need something.





# THE TRUTH ABOUT SALES, BLOW-OUTS AND DISCOUNTS

Stepping into your favorite store may give you a feeling of excitement, but watch out, it may be a set up. Most stores are experts at tricking consumers into spending money. **Here are a few of their tricks:**

**SALE** **DISCOUNTS\* (WITH ASTERISKS).** It's hard to resist a good sale, but what if it comes with disclaimers and requirements? Before buying into a "big print" discount, read the small print.

**GOING-OUT-OF-BUSINESS SALE.** A 10 to 30% discount sounds great, but in reality, may not be a bargain at all. Look at the pre-discount price—it may be higher than it was before the “incredible” sale.

**SALE** **REBATES.** More than \$500 million in rebates go uncollected each year. Most companies hope you forget to mail in a rebate or make a mistake. Understand what you need to do to collect a rebate, and follow the directions carefully.

# THE TRUTH ABOUT... DEPARTMENT STORE CREDIT CARDS

If you've ever been shopping, you've probably heard a cashier ask, "would you like to open up a [store name] credit card and save ten percent?" Sounds like a pretty good deal, right? Not necessarily.



A ten percent discount doesn't amount to much when you compare it to the interest rate most department store credit cards charge—often between a 20% and 30% APR.\* With that kind of rate, it's easy to spend more on interest than on the item you bought.

**Long story short: Don't be tempted to apply for a card just for a discount. Look for cards with low interest rates and pay off your balance each month to build a positive credit history.**

\*Annual percentage rate.

# WHEN CELEBRITIES TAKE FROM YOUR WALLET!

IT'S COMMON FOR CELEBRITIES TO ENDORSE ALMOST ANYTHING. AND HERE'S A CELEBRITY ENDORSEMENT TRAP THAT YOU SHOULD BE AWARE OF: **PREPAID DEBIT CARDS.**

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Magic Johnson, the Kardashians, Justin Bieber, and even the cast of Twilight are among the celebrities who offer endorsed cards to fans. Before you run out and sign up for one, there are two things to consider:

**HIGH FEES.** Celebrities get paid big bucks to attach their name to a debit card. Guess who pays the bill? Cardholders. In addition to high monthly fees, these cards typically charge for things like deposits, purchases, and ATM withdrawals. The Bieb's card even has a fee if you don't use your card for 30 days.

**YOU CAN'T BUILD A CREDIT HISTORY.**

Debit cards aren't the same as credit cards, so they can't be used to build a solid credit history.

