

Non-Traditional Services/Products At A Glance

Service/ Product	Watch Out For This	Try This Instead
Check Cashing Stores	<ul style="list-style-type: none"> • Often charge high fees 	<ul style="list-style-type: none"> • Direct deposit for immediately available funds at no fee
Payday Loan Stores	<ul style="list-style-type: none"> • High loan fees with short repayment period • Most borrowers can't pay the loan back in 2 weeks and end up rolling the loan over and over • Often exceeds 500% APR 	<ul style="list-style-type: none"> • Borrow from friends, family or charitable organizations • Borrow from local bank or credit union • Low fee credit card advance • Build savings for next short-term cash need • If there is no other alternative, re-pay the loan ASAP to avoid future interest. DO NOT ROLL THE LOAN OVER MORE THAN ONCE!!
Auto Title Loan Stores	<ul style="list-style-type: none"> • High loan fees with short repayment period • Fees often equal 25% of loan principal • Risk losing vehicle if you don't pay AND will still owe on the loan 	<ul style="list-style-type: none"> • Investigate programs such as Work N Wheels for 0% or low interest loans • Loan from friends and family
Rent-To-Own Stores	<ul style="list-style-type: none"> • Items are generally overpriced • Extra fees • Missed payment may mean losing item and money 	<ul style="list-style-type: none"> • Save first, then purchase • Use layaway plans • Check out garage sales, Craig's List, thrift stores
Subprime Car Financing	<ul style="list-style-type: none"> • High interest rates, upwards of 32% • Over-valuation of vehicles • Autos often repossessed after one missed payment 	<ul style="list-style-type: none"> • Use public transportation • Investigate programs such as Work N Wheels for 0% or low interest loans • Consider credit counseling to improve credit history and score
Tax Refund Anticipation Loans	<ul style="list-style-type: none"> • Pay a high price for immediate tax refund • Less hard-earned money that you could use toward paying off bills or meeting financial goals 	<ul style="list-style-type: none"> • Check out free volunteer income tax assistance sites such as: Richard Dille Tax Center 2300 S. Park Street Madison, WI 53713 (608) 283-1261 • Have refund direct deposited into checking or savings account (refund usually comes in less than 2 weeks)

Source: Understanding the Impact of Alternative Financial Services, United Way Capital Area/AEI, 2011



This program is made possible by a grant from the FINRA Investor Education Foundation through a partnership with United Way Worldwide.

University of Wisconsin-Extension, U.S. Department of Agriculture and Wisconsin counties cooperating. An EEO/AA employer, UW-Extension provides equal opportunities in employment and programming, including Title VI, Title IX and ADA. Please make requests for reasonable accommodations to ensure equal access to educational programs as early as possible (10 days is reasonable) preceding the scheduled program, service or activity. Call (608) 224-3722 as early as possible.