

Be A Savvy Consumer! As a consumer, we face difficult decisions every day. What's the best price for this item? Am I getting ripped off by this salesman? Is this deal as good as it sounds? Today, you'll tackle a number of these common situations and practice the skills to avoid misleading marketing, find the best deals and make decisions that are in your best financial interest.

Scenario 1: More Data, Same Price, Why Not?

Johnson heard that familiar ping that told him he had received an incoming text. When he looked at his smartphone, he saw this text coming directly from his cell phone carrier: We appreciate your loyalty. You are currently on the \$50/2GB per month plan. You can now get an extra 2GB of data per month for the same price you pay now. There's no change to your voice plan or contract extension. Would you like to move to this new plan? If so, reply YES.

Answer This:

1. Why do you think the cell phone carrier is asking Johnson via text?

2. Are there additional questions that Johnson would want to have answered before proceeding?

3. What's The Catch? What should Johnson do? Why?

Scenario 2: 10% Off AND No Payments For 6 Months

Jeanne was shopping for a desk with her parents at their favorite furniture store. As they proceeded to check-out, the sales associate asked if they were interested in a special offer. If her parents signed up for the store credit card, they would receive a 10% discount off the purchased items and not have to make any payments for six months. Here was the offer next to the cash register:

Earn 10% back in reward dollars.¹
Or receive 6 months special financing.²

Applications are subject to credit approval

¹ This reward program is provided by Furniture R Us; terms may change or the program may be discontinued at any time. Transactions less than \$999 earn reward dollars. Transactions equal to or greater than \$999 may choose between earning reward dollars or promotional financing.
² Promotional financing available with Furniture R Us Credit Card accounts offered by Comenity Bank, which determines qualifications for credit and promotion eligibility. \$999 minimum purchase and minimum monthly payments are required.

Jeanne had often heard her parents complain about forgetting to pay bills, so this seemed like the perfect solution; her parents would have six months before needing to pay anything. Her parents, remembering that Jeanne had taken a personal finance course, asked her what she thought they should do.

Answer This:

4. Compare what the salesperson said with the headline of the ad and the ad's fine print. What are the inconsistencies that Jeanne should worry about?

5. What should Jeanne tell her parents? Should they take the offer that the sales associate is offering? Why or why not?

Scenario 3: Now We Can Send Out Those Super Bowl Party Invites

Samuel stopped by Frank's apartment in early January with a flyer from this rent-to-own company he recently visited (see below). Frank wanted to have a Super Bowl party at his house but didn't have a TV screen large enough to impress his friends. He and Samuel had been brainstorming about ways for them to get a bigger TV, and this seemed to be the solution.

The screenshot shows a webpage for an LG 65" LED Smart TV (model 65LF6300). The product name and model are displayed at the top left. Below the name, it says "By: LG 65LF6300". To the right, there are tabs for "Pricing Options", "Weekly", "Semi-Monthly", and "Monthly". The "Monthly" option is selected, showing a price of "\$134.28 monthly*". Below this, it states "90 Days Same As Cash Price: \$1371SM" and "Number of payments: 23 | Total price: \$3129SM". A note below says "Pricing, availability and participation may vary by location. Contact your store for details. Pricing only available at 1802 EL CAMINO REAL, REDWOOD CITY, CA. Change".

In the center, there is an image of the TV displaying a news program with four men at a desk. Below the TV image is a large green button that says "Start Your Application". Underneath the button, it says "It's Easy and Worry-Free. See How RAC Works."

At the bottom, there is a section titled "Overview" with the text: "Make your media experience more fun, from video games to binge watching your favorite shows, the LG 65" LED Smart TV has everything you need to watch and play in stunning 1080p. The IPS and Triple XD Engine offer superior color quality and the Magic Remote makes it simple to search, surf and even operate your connected devices."

Here is how Samuel described the concept to Frank: We are all set! You can rent an item like this big screen TV for a small monthly payment, in this case, \$134.28, and at the end of the rental period you own the item. If you can't make the payment, well, you just turn it back in with no questions asked. Oh, and there's no credit check. So, just think -- you can walk away with this \$3,000 TV set for a little over one hundred dollars a month. What a deal! What is there not to like?

Answer This: Review the advertisement to answer these questions:

6. How much would Frank pay for the TV if he had money saved to pay for it today?

7. How many months would Frank have to make payments in order to own the TV?

8. If he made all the monthly payments, how much would Frank pay over the course of the rental period? How does this amount compare to the cash price?

9. List any concerns that you think that Frank might have about this “deal.”

10. Rent-to-own centers are a multi-billion dollar business. Why do you think their approach is so popular?