



Hello,

With prices soaring, it is increasingly important to find ways to reduce costs. In order to be successful in doing so, it is first important to understand how companies think. In order to survive, companies must make a profit. They have to minimize their risk and make as many sales as possible. Keep this in mind as a salesperson talks you into making a purchase. Before you say yes, ask yourself, “How do **they** benefit from this deal?” Also, be sure to ask them questions until you are satisfied that you have all the information you need to make an informed decision.

Each year billions of dollars are spent trying to figure out how to get us to willingly part with our money. This often includes minimizing important information about the sale or use of credit. Unfortunately, we often don't understand or are purposefully deceived about the consequences of our financial decisions. Companies who make money on financing are sometimes purposefully vague.

Here are a few examples. *See more examples below.

Did you know that if you don't pay the minimum balance due on credit cards, a few things might happen?

- You incur a late fee
- The interest rates often increase
- Your credit score can drop

Did you know that there is a difference between 0% APR interest and 0% deferred interest.?

- Buying a new sofa with “0% financing for 24 months” sounds great, but check the fine print. Often they have the interest building up in the background and if you don't pay every penny of the loan back before the end of the 24 month period (which starts **the day** you buy it), they tack on ALL the interest for the whole loan at the end of it and force you to pay it!

Remember, all companies have to make a profit to survive. There is no such thing as a free lunch-someone is always paying for it. Being informed and figuring out how everyone benefits will help you to ask, “Is this a win - win situation or is the house stacked against me?”

Knowing how to play the game is the best way to win!

Warm Regards,

Your friends at the Community Impact Fund

---MORE EXAMPLES---

1. When you sign up for promotional prices be sure to ask when special pricing will end and how much it will cost through the end of the contract. Eventually they will need to recover that money they gave away up front. *Figure out how they will do it.*

- “Get an Iphone 13 for free when you switch! The starting payments are \$100/month for two lines. You just have to sign a two year contract.”
Then as you ask more questions, you realize they are not giving you the phone, you are just leasing the phone and that the payments will more than double in months 13-24. *Can you still afford the payments?*

2. A security system salesman comes to the door and says they are choosing a few houses in which to give free equipment in order to promote their company. "You get \$4,000 in “free” equipment, and, if you can't afford the monthly monitoring charges, you just defer them indefinitely." Wow! Sounds great, but why would a company give away \$4,000 and provide a service without any compensation? That doesn't benefit them in any way, so there has to be a catch. *What is it?*

- After a round of questions, they finally admit that you do in fact pay for the \$4,000 eventually because it is built into the monthly payments which are deferred, but still owed until you pay it off. YIKES!

3. Click [HERE](#) to see the psychology stores use to get you to buy more.

When you recognize the tricks, they are easier to avoid!

Printable Savings Challenge

Over the next few months Community Impact Fund will be sending you emails to support you in your financial journey. We are here to be a resource for you at any time! Email us at loans@communityimpactfund.org



The Community Impact fund, 5250 E. Costilla Ave., Ste 110, Greenwood Village, CO
80112, USA

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