



beware of these high-cost financial services

pawn shops charge very high interest for loans based on the value of tangible assets (such as jewelry or other valuable items).

rent-to-own programs offer an opportunity to obtain home entertainment systems or appliances for a small weekly fee. However, the amount paid for the item usually far exceeds the cost if the item were bought on credit.

check-cashing outlets charge high fees (sometimes 2 or 3 percent) just to have a paycheck or government check cashed.

rapid-refund tax services provide “instant refunds” when you pay to have your federal tax return prepared. However, this “instant refund” is a loan with interest rates as high as 120 percent.

check-deferral services allow consumers to get a cash advance on their next paycheck. However, these short-term loans are very expensive. A \$200, two-week advance may cost over \$30 (with annual costs exceeding \$900).