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Consider Layaway, Rather than Using Credit Card

MANHATTAN, Kan. -- Prior to growth in the credit card industry, retailers offered layaway plans allowing consumers to choose an item, place it on hold, and make regular payments until the item was paid for and could be taken home, said Carol Young, Kansas State University Research and Extension financial management specialist.

While layaway plans are sometimes advertised as a way in which to make holiday purchases possible, retailers are reviving them to help consumers buy larger ticket items, Young said.

Charging the same item with the intention of making regular payments can stretch payments and add interest costs unnecessarily, she said.

Shopping with a credit card also can give buyers a false sense of buying power, said Young, who noted that a credit limit should not be mistaken for a spending limit.

Whether shopping with cash, layaway or credit, shoppers should check refund and return policies before buying. Young also recommends inquiring about store policies if an item should be reduced during the payment period, or if a payment is late or missed.

Checking an item in the store, rather than online, before buying also is a good practice, she said.

More information about managing money is available at county and district K-State Research and Extension offices and online: www.ksre.ksu.edu/financialmanagement/ and www.kansassaves.org, the Kansas affiliate with America Saves that offers tips to build savings and financial security.