

# 5 Money Traps That Keep You Broke

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## 1. Check cashing and money order fees add up

- ☒ If you pay \$2 to cash your weekly paycheck, by the end of the year it will cost you \$104.
- ☒ If you buy 4 money orders a month, it will cost you \$48.
- ☒ By the end of the year, you've spent \$152.
- ☒ Find out how much an economy thrifty checking account costs. Find out if your employer has a direct deposit plan that will get you free or low-cost checking.



## 2. Bounced checks and late payments

- ☒ A bounced check can set you back \$40 or more — both the bank and the business can charge you \$20 or more for each bounced check.
- ☒ Your telephone, water and electric bills can also add late charges of \$15 or \$20.
- ☒ If your telephone is disconnected, you may have to pay the unpaid balance, reconnect charges and a cash deposit against future bills.
- ☒ Find out the late payment rules for your car payments, credit cards or utilities.
- ☒ If you cannot make payments on time, you can call the company and explain to them why not. In some circumstances, they will be willing to waive the late fee and you can work out a payment schedule.

## 3. High cost loans

- ☒ Don't borrow money if you don't know the lender.
- ☒ Don't borrow money unless you see the terms in writing **and** understand them.
- ☒ Don't give personal information, such as your Social Security number, over the telephone.
- ☒ Be careful! Remember, if it sounds too good to be true, it probably is!

Find out more at: [www.wiserwomen.org](http://www.wiserwomen.org)

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## 4. High-interest credit cards

- ☒ If you only pay the minimum payment your credit card allows, you will end up paying almost twice as much as the item cost in the first place.
  - For example, you buy a jacket on sale that costs \$50, and add it on to your other credit card debt. By the time you pay it off, it may end up costing you \$100, and half of that is interest.
- ☒ Look for low-rate and no annual fee credit cards.
- ☒ For one-on-one credit counseling, contact the National Foundation for Consumer Credit at 800-388-2227 or [www.nfcc.org](http://www.nfcc.org).

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## 5. Spending your tax refund

- ☒ Before you spend your tax refund, think about putting it in a savings account.
- ☒ Don't pay for an instant refund—there are places where you can go to get the refund for free.

### Resource

Find a **VITA (Volunteer Income Tax Assistance)** volunteer ([www.irs.gov](http://www.irs.gov)). The program offers free tax help to people who generally make \$54,000 or less, persons with disabilities, the elderly, and limited English-speaking taxpayers who need assistance in preparing their own tax returns. IRS-certified volunteers provide free basic income tax return preparation with electronic filing to qualified individuals.