TD TOP DOLLAR®

Helping You Make the Most of Your Money. 9.2023

Think Before You **Click**

If you shop online, odds are you've experienced the **negative option**. This is a marketing strategy that makes you responsible for canceling a service or subscription. Otherwise, the seller will keep on billing you until you tell them to stop.

A common feature is a prechecked box that signs you up and authorizes the company to bill you. It's on you to uncheck the box, ***if you see it***. Companies hope you won't notice it.

Protect yourself:

1. **Research the company first.** Include words, such as **free trial scam**, **free trial review** or **complaints** in your search.

2. **Yes, you need to check the fine print.** Read the terms of service before you click to commit.

3. **Review the cancellation policy.** Once you've signed up, the company can make it difficult for you to cancel. One method is to make calling them the only option. If they do offer a cancel button, it may be buried in the website or at the bottom of your account or customer service page where you might not see it.

4. **Look for charges you don't recognize or didn't authorize on your credit card statements.** If the company keeps charging your card after you cancelled, file a dispute with your credit card company.

5. **Keep track of free trials.** Don't rely on companies to remind you when the deadline is near. They're hoping you'll forget.

QuikQuiz™: Personal Finance Basics

How much do you know about money management? Test your knowledge:

1. What would you do if you received a windfall of cash?
a. Pay off debt.
b. Hit the mall.
c. Deposit it into an emergency fund.

2. How do you pay monthly bills?
a. I pay only the minimum when I have the money.
b. I pay the past due ones first.
c. I pay my bills on time, mostly with autopay.

3. When it comes to cable, you:
a. Use streaming services instead.
b. Go premium.
c. Stick to basic cable.

4. At the grocery store, you:
a. Buy store brands or generic.
b. Buy what looks appealing.
c. Use a detailed list.

How did you do?

Mostly As — Thriftiness is good, but you also need to have fun. Maybe say yes to that next dinner invitation.

Mostly Bs — You tend to spend more than you save. Select one or two areas in your life to spend predetermined amounts on each month. Then cut back on more things until you get your spending under control.

Mostly Cs — You've found the balance between spending and saving. Good job.

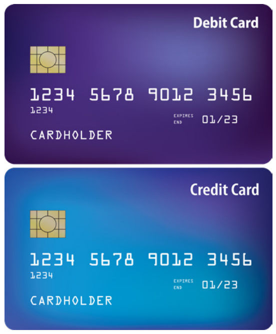
TOP DOLLAR TIP: START SAVING NOW

Small expenditures, such as takeout food or movie tickets, add up over time. Try to incorporate one or two of these money-saving strategies each month:

1. Raise your insurance deductible.
2. Reduce energy costs.
3. Take your lunch to work.
4. Try to negotiate a better credit card rate.
5. Keep track of your spending.
6. Spend wisely on everyday expenses by comparison shopping and using coupon apps.
7. Avoid shopping when tired, hungry or emotional.

Q: Debit or credit card?

A: Most of us carry a debit card and credit cards. Both are more convenient than checks and safer than cash. But which is best?



Your credit card is protected if your card is used fraudulently, stolen or lost. Avoid credit if you have difficulty budgeting, can't pay off the balance each month or spend impulsively.

Debit cards don't have liability protection. You will be on the hook for fraudulent purchases until the situation is resolved. However, with debit cards, you can only spend what's in your account. You're not spending more than you have, which credit cards allow you to do.

Credit cards are usually the best choice, unless you need cash back (cash advance). Using your credit card to get cash is a loan with interest. However, getting cash using a debit card takes the money from your checking or savings account. Avoid ATM fees by using your bank's ATMs or another bank in your bank's ATM network.

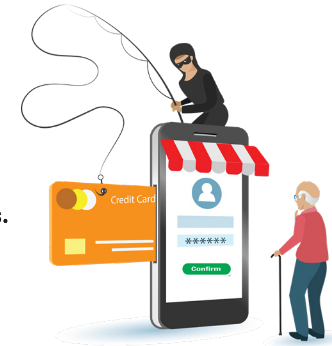
The Prime Rate

The prime rate is the lending rate for a bank's best customers. It is the lowest rate at which banks will lend money. The prime rate is linked to the Federal Reserve (Fed) funds rate. This is the rate at which banks borrow money from one another for overnight loans.

Banks borrow funds from one another to meet the Fed's reserve to deposits ratio. The Fed can require banks to keep a certain percentage of assets in cash on hand or deposited in one of the Federal Reserve banks.

The increased (or decreased) cost of acquiring funds is passed on to consumers as banks adjust their prime lending rate to compensate. The prime lending rate differs among banks. The most widely quoted prime rate figure in the U.S. is in *The Wall Street Journal* (WSJ). The WSJ polls the nation's 30 largest banks; when 23 of those institutions have changed their prime rates, the WSJ updates the rate. This affects you because many credit cards base the interest rate you pay on a premium above the WSJ prime rate. The different rates affect consumer interest rates.

Help Elders Avoid Finance Scams



Discussing finances with older folks may be uncomfortable, but it can protect them against financial fraud and other money-related missteps.

Examine monthly expenses. Cancel any unnecessary fees or membership dues. Monitor subscriptions, such as online news or streaming.

Educate them on potential scams. Treat any solicitations for donations with skepticism. Don't offer any information until you have researched charities. Ignore emails, texts and calls saying benefit payments, such as Social Security, are delayed, reduced or cancelled.

If your elderly loved one is ailing mentally or physically, encourage them to assign a power of attorney. Power of attorney gives you (or more than one person, if needed) power over legal and financial matters. Choose the person who has the time to sort through accounts, insurance policies and balance sheets as necessary.

TOP DOLLAR DICTIONARY: Adjustable-Rate Mortgages

The interest rate of an adjustable-rate mortgage (ARM) fluctuates according to the rising or falling cost of credit in the economy. For example, a one-year ARM has an initial fixed rate for one year. This means that the rate won't adjust for at least one year. After one year has passed, the interest rate can go up or down each year, depending on the market.

Timing for adjustments depends on the type of ARM. For example, a 7/6 ARM means the rate will be fixed for seven years, and then the loan rate could adjust every six months afterward.

Choosing the right mortgage isn't always easy, especially when you have never owned a home. Sometimes you can have your pick of mortgages, but choices vary depending on credit ratings and income.

The Smart Moves Toolkit, including this issue's printable download, **Health Benefits of Volunteering,** is at **personalbest.com/extras/23V9tools.**