Payday Loans
Patricia Bartlett and Josephine Turner

For many people who are living from paycheck to paycheck and facing an emergency or unexpected expense, a short-term loan may seem like the answer. A loan from one of the payday loan companies is easy and convenient to obtain. Typically, the applicant would write a check for $115 and get $100 back, and the loan company would cash your check on your next payday!

But wait a minute—that’s costing the applicant $15 or $30 to borrow money for just a few weeks? If they pay $15 to borrow $100 for two weeks, they’re paying an interest rate of 390%. If they have several payday loans due, they could end up with no money from their paycheck, and still owe money.

Anyone who may get lured by the temptation of immediate cash should consider other sources. Less expensive alternatives include short-term loans from credit unions, a pay advance from the employer, asking creditors for more time (even if they do impose a late fee), or asking a family member for a short-term loan.

Learn to make a realistic budget, and stick to it. Put off making unnecessary purchases, and put that money into a savings account to draw on for emergencies. Saving, even if it’s just a couple of dollars a week, will add up quickly and could save quite a bit of hard-earned money.

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