



**HEALTHCARE
ASSOCIATES
CREDIT UNION**

The healthy way to bank[®]

Payday Loan Trap

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What is a payday loan?

Cash loans based on employment and borrower's checking account

Due on borrower's next pay day

Charge usually \$15-\$30 per \$100 loaned, meaning 390% to 780% annual percentage rate



Location, Location



- Starbucks has approximately 6,600 locations nationwide



- McDonald's has approximately 11,000 locations nationwide



- Payday loan outlets have approximately 25,000 locations nationwide

25,000!

Big Business



- “Exploiting people’s financial hardship for profit” Wikipedia
- Predatory lending targeting young, working but low-income, credit-strained customers
- Americans are spending \$8 billion per year to borrow \$50 billion



Why people get stuck...

- Loan amount + fees = total final payment
- $\$600 + \$120 = \$720$ due on payday
- \$12/hour employee has approx. \$800 paycheck; leaving \$80 for 2 weeks
- Borrower is forced to take out another loan

Getting out

- Do not “store hop”
- Tell lender that you need payment plan
- Check state regulations and file a complaint if necessary
http://www.paydayloaninfo.org/state_detail.cfm?id=1
- Stop lenders from taking money from paycheck or electronically from bank account while you work out payment plan



Where else to turn?

- Talk to creditors before you are late
- Delay expensive purchases
- Apply for assistance programs
- Credit counseling
- Inquire about overdraft protection
- Find less expensive means





Join the Credit Union

- Apply for less expensive option
 - Credit Card
 - Signature Loan
- Quick Cash loan
- Start savings account for emergency fund
 - Only \$20 per pay period
 - Easy access to cash when needed

Quick Cash loan



- Six month term loan
- Loans of \$250, \$500, or \$750 available
- Monthly loan payments of \$46, \$92, or \$138



Why it works

- Pay off debtors and get out of cycle
- Gradual repayment plan
- Only one allowed at a time
- Same criteria as payday loan
- Continue payroll deduction for an emergency fund



Enrich Financial Wellness

- Financial education and counseling service available to HealthCare Associates members for FREE!
 - Money Management counseling
 - Debt Repayment Options
 - Credit Report Review
 - 866-676-4385 or Resource Tools on



www.hacu.org



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