

Senior Buying Power



To start you need to pick a major purchase to research. Here are some ideas: a cell phone with a monthly plan, a car with car payments, or a house with mortgage payments. It can be anything that has a payment plan.

- 1) Build your own. Is your item featured on an official website, like the home page of a cell phone provider or car company? If so, visit the site to see what type of research tools are available. You may be able to add and subtract different features. Play around to create three different versions of the item from least expensive to most. Review with a family member and discuss the pros and cons of each?

- a. Least expensive _____
 - i. Features _____
- b. Middle of the road _____
 - i. Features _____
- c. Most expensive _____
 - i. Features _____

- 2) Doing research can save you money and save you from making a mistake, whether it is does not have the features you need or picking a poor product. Read three expert reviews either through magazines or on line reviews of your item. Create a list of five pros and five cons based on your research.

1. _____

2. _____

3. _____

- 3) People usually buy expensive items outright. They usually give a down payment and then pay it off in monthly installments. Always beware of any deal that seems too good to be true. Especially no money down offers, as you could end up paying a whole lot more over time. Research three items you could pay for over time, such as a computer, a refrigerator, or a washing machine. On the chart list the price of the item, the interest rate, and total cost if you paid for the item or three months, six months or a year. (hint first start with your 12 month interest and then divide by 12 to come up with the monthly interest)

Item name	EXAMPLE computer			
Cost	1,000			
Annual Interest rate	10%			
3 months	Approx. \$25			
6 months	Approx. \$50			
12 months	Approx. \$100			

- 4) You might be able to pick up a slightly used version for a fraction of the cost. Research your items on the used market, using classified ads, on line auction sites, and other sources you can find. Find at least five options for sale and then compare them with each other and with a new item. Discuss with a family or friend where buying used is a good idea. Think about warranties, damaged goods, as well as pricing.

Site	Price	Benefits
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- 5) Is your item something you could save up for in the next few months? Create a plan that lets you save the money needed to put a down payment or buy it outright. If you are making monthly payments, make a detailed plan you can put into action. Talk to a family member and ask for feedback about where it is realistic.
- If you are going to buy it outright by paying cash? List where will the money come from? Bank account, piggy bank, allowance. If you do not have all the money how long will it take you to save for it?
 - If you are making monthly payments use the chart in Step 3 to see what is the actual cost. Make a commitment to make payments on time. If you are late what are the penalties? How old do you need to be to take out a loan what other qualifications are needed? Where will you get the money to make the payments? Job, allowance, birthday gifts, etc?

Bringing it all together worksheet

The item I'd like to buy

Three features my item must have

- 1.
- 2.
- 3.

Three positive things I learned about the item during my consumer research

- 1.
- 2.
- 3.

Three potential negative issues I learned about the item during my consumer research

- 1.
- 2.
- 3.

Approximately how much will my item cost each month

How long I will pay to pay these monthly costs

How much I need to earn to cover the costs

My savings plan