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THE RISK OF

The Risk of Buy Now Pay Later

Spending money you don't have has become easier than ever. The Buy Now Pay Later (BNPL) services have been on the rise for some time now. The marketing and advertising marketplaces for BNPL are full of major retail brands that can lure you with their attractive deals and offers. It is shocking to know that 70% of users report spending more with BNPL than they would otherwise, 42% have missed payments. BNPL platforms offer instant access to credit for retail purchases without a hard credit check.

It has become increasingly easier for consumers to access BNPL services, but it is very important for consumers to be their own advocate to learn all the right steps they need to take to be sure they are borrowing for the right reasons. Without knowing and understanding the risks associated with BNPL loans, these types of loans can do more harm than good.

Know Your Financial Situation

It's important to know your financial situation and your ability to manage multiple types of loans before you agree to BNPL. Ask yourself these questions:

- **Is the purchase absolutely necessary/will you regret it later?**
- **Is BNPL your only option for the purchase?**
- **Can you commit to making payments on time and repaying the loan?**
- **Do you have the availability in your budget to add this new debt payment?**
- **Do you understand what the terms of this debt are if you default?**

If you can postpone the purchase to allow yourself to save for the item or, if you can afford to pay for it without using BNPL it would certainly be a good option for you to avoid the loan. If you have a savings account, you could loan to yourself if you have the self-discipline to make the payments back to your savings account.

Go one step further: What happens if you have outstanding debt and then you lose your job or the company you work for goes out of business? Creating too much debt can be stressful and wreck your budget. Be 100% certain the debt is manageable.

What Happens if you miss a BNPL Payment?

It happens more than you think, 42% of consumers that have used BNPL have made at least one late payment, according to LendingTree. Remember **BNPL is a loan**, not just a purchase so read the fine print and know what happened if you should make a late payment for default. There are consequences.

Most BNPL services charge a late fee or start charging interest on late payments. You should also know and ask if your BNPL activity will be reported to the credit bureaus, which can impact your scores. They all have different rules about reporting payments.

You should also know that BNPL loans may report your loan activity to the credit bureaus which could impact your credit scores. BNPL lenders more than likely do not report your on-time payments, but they will most certainly report if you are late. A single late payment could damage your credit report. Make sure you know what their rules are before you sign the dotted line.

BNPL is still a relatively new product, and the rules of credit reporting and regulations are constantly changing, so be sure you do your research and understand before you sign up.



A credit score is a three-digit number, but do you know what it means? Credit scores range from 300 to 850. The scoring is like a grading system for risk that lenders and even landlords use as a quick and easy way of determining the probability of you paying your debts. Knowing your credit score is the first step to improving your credit which can give you the buying power needed for home and automobile ownership.

Some employers are also now reviewing credit scores before hiring. The average score among Americans is around 714. If you don't have a credit score you are "credit invisible". Here's a breakdown of the ranges of FICO scores and what each range means about your credit.

300-579: "Very Poor" Credit

If you're in this score range, you may have declared bankruptcy in the past seven to 10 years. Lenders may not approve you for credit, and if they do, they might require you to pay a deposit upfront for what's known as a secured credit card. It's a difficult category to get out of but given enough time and dedication to paying your bills on time every month, you should be able to move out of this range.

580-669: "Fair" Credit

If you're in this range, you might have difficulty getting loans for store credit products, but you'll likely be able to apply for credit with banks, though at a higher interest rate. In this score range, you've probably had too many late payments in the recent past. Keep in mind that you might also be in this range because you're a "new credit customer" and have a limited credit history.

670-739: "Good" Credit

This is where most people are. If you're here, you've only very rarely paid your bills late and have demonstrated you can handle the responsibility of a higher amount of debt, meaning you'll be a good candidate for more credit in the future.

740-799: "Very Good" Credit

If you're in this range, you probably have paid your bills on time for several years. You might have many types of different credit already, including a car loan, personal loan, student loan or home loan, giving you a diverse credit mix.

800-850: "Exceptional" Credit

This is considered an "A+" credit score. Only around 15% of people have a score this high. If you're in this range, you have over \$10,000 of unused credit and a spotless payment history. This takes a few years to obtain but it is doable.

Why Does Your Credit Score Matter?

The benefit of higher scores is not just about being approved for a loan. Higher scores can actually save you money. When a borrower has lower scores, lenders typically charge higher interest rates. Higher scores over 670 are more likely to be offered additional/expanded credit, giving access to more borrowing power – like an auto loan or a mortgage. Depending on the state you live in, a higher credit score can even offer lower car insurance rates and a better likelihood of cell phone plan approvals.

How Can You Improve Your Credit Scores?

1. Start Secured

The best place to start is to commit to paying your bills on time every month. Below are a few tips and tricks that could bump up your scores. If your credit is low enough that you're having trouble getting a credit card, it's worth looking into a secured credit card.

This requires you to pay a deposit as "collateral" for the loan, which may be a hassle, but it can show your lender how committed you are to improving your credit. After using the secured card responsibly for a specified period, most lenders will offer a regular credit card and refund you your deposit.

2. Avoid Your Limits

You may see your credit limit as a "ceiling" for how much money you can spend, but that's not a great way of looking at it. Since credit utilization is such an important aspect of your credit score, you should stick to a personal limit of 30% of your credit limit.

3. Don't Close Your Accounts

If you have a revolving line of credit or a credit card that you've paid off entirely, you may be tempted to close it. Unless there are substantial fees involved in keeping them open, though, you may want to use them as a safety net. This will also add to your unused credit amount, which can improve your score.

4. Know Your Score

By keeping informed of your credit score — and getting your free credit report — you'll know what you need to change about your credit usage to improve your standing.

Where to Get Your Online Credit Scores

Banks and credit card companies are increasingly sharing credit scores as a service to their clients, and you can receive a free copy of your credit report from each bureau every week through the end of 2023 at

AnnualCreditReport.com.

It may seem a bit daunting/intimidating at first, but if you get into the habit of knowing each month how your credit scores look you will never be surprised by a denial of credit. Regular reviews will enable you to be proactive at making whatever financial adjustments you need to improve your scores.

PANDEMIC-ERA EXTRA SNAP BENEFITS

The Pandemic-era that boosted Supplemental Nutrition Assistance Program (SNAP) benefits ended. More than 30 million Americans will have to find alternative ways to buy food. This couldn't have come at a worse time, with inflation remaining high. Grocery store prices have continued to climb, and people are going to have to find other ways to supplement their weekly food needs.

How much will recipients lose in their SNAP benefits?

Reports indicate that every SNAP household will see at least \$95 a month less, but some will see reductions of \$250 a month or more, according to the Center on Budget and Policy Priorities. This will be devastating and may feel like a double whammy since there has been an 8.7% cost of living adjustment (COLA) in January. Some seniors already saw the decrease in their SNAP benefits because benefits are calculated using factors such as income to determine SNAP benefit allotment. Social Security counts towards their income. Many seniors are reporting that they only eat one meal per day, and they continue to visit food pantries. Some report that they are not taking the required dosage of medication because the cost of prescriptions has increased also.

Food Banks Preparing

Food pantries were aware that Congress had made decision to roll back the emergency benefits by taking away the extra SNAP benefits. Starting in March, food pantries expect seeing an increased food need. It is expected that there will be a 30% increase of food pantry visits.

To find a food pantry near you, try the nonprofit [Food Finders website](#).

What Else can People do to Offset SNAP?

- **Double Up Food Bucks.** Twenty-five states have farmers markets or grocery stores that will double the value of your SNAP benefits on qualifying purchases. "The wins are three-fold: low-income consumers eat more healthy food, local farmers gain new customers and make more money, and more food dollars stay in the local economy," according to the USDA.
- **Special Supplemental Nutrition Program for Women, Infants, and Children, or WIC.** An underutilized program, according to Lee and Meyn, WIC can supplement the food budget of low-income pregnant women or women with children up to age 5. "If you receive SNAP, you automatically qualify," Meyn said.
- **Summer kids' meals.** Last December, Congress allocated \$40 million to fund a program to give families of about 30 million children up to age 18 \$40 per child per month to spend on groceries using electronic benefit transfer, or EBT, cards, or up to 10 meals at a time to eat at home during the summer when children aren't in school.

Check your eligibility. It is estimated that about eight million Americans are eligible for some SNAP benefits but may not even know it. The gap is especially wide among seniors, where 58% are eligible but not registered. Visit **mRelief**, a nonprofit with a free platform where people can enter basic information to see if they qualify for SNAP and if so, sign up.. When people check their eligibility, they could be surprised to see that they may qualify for more. Some may not realize that if the number of people in the household changed the benefits may change also. Seniors with disabilities can report medical expenses and in some cases, they may qualify for an increase in SNAP benefits.



Visit [benefits.gov](#) to stay up to date and find possible benefits for you and your family.



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P: 856-251-0311 | F: 856-251-0518



3 MINUTE SPRING FLUFF RECIPE

INGREDIENTS

- 3.4 OZ. VANILLA INSTANT PUDDING BOX
- 1 CUP CRUSHED PINEAPPLE (DO NOT DRAIN)
- 1 8OZ. CONTAINER COOL WHIP (CAN USE LITE)
- 100Z. COLORED MINIATURE MARSHMALLOWS
- 1 CUP SHREDDED SEMISWEET COCONUT (OPTIONAL)
- IF OMITTING COCONUT, YOU CAN SUBSTITUTE MINI WHITE CHOCOLATE CHIPS
- ½ CUP CHOPPED NUTS (OPTIONAL)

INSTRUCTIONS

1. COMBINE PUDDING MIX AND CRUSHED PINEAPPLE IN BOWL.
2. STIR UNTIL COMPLETELY COMBINED.
3. FOLD IN COOL WHIP, MARSHMALLOWS, COCONUT (OR MINI CHIPS) AND NUTS
4. CHILL UNTIL READY TO BE SERVED.

ADD A PEEP FOR EXTRA COLOR



From our home to yours...

