

Holiday Layaway Plans Hailed As Alternative To Credit Cards *American Debt Counseling Experts Find Layaway a Budget-Friendly Convenience For Consumers Struggling to Stretch Their Holiday Dollars*

SUNRISE, Fla. (September 24, 2010) – According to the credit counseling experts at the national non-profit American Debt Counseling, tough economic times and general consumer wariness of excessive credit card spending have paved the way for store layaway plans to make a comeback this holiday season as shoppers seek to trim their holiday spending and use cash for purchases instead of credit cards.

Considering that 60% of Americans admit they do not have a holiday budget and people spend up to 30% more when paying with plastic instead of cash, it's easy to understand why the American Bankers Association estimates it takes the average consumer six months to pay off seasonal debt.

“Tough economic times have brought back layaway as an old-fashioned remedy to make holiday spending plans a little easier this year,” according to Barbara Stark, American Debt Counseling director of community development and education.

In the days before widespread credit card use, layaway enabled someone lacking all the money for an item to arrange for the store to lay the item away from the sales floor, giving them time to make smaller payments over several weeks or months until they had paid in full and could take their purchase home.

Today, large chains and shopping sites such as Sears, Kmart and the Home Shopping Network offer a wide selection of what's on their shelves through layaway plans. Online layaway sites give holiday shoppers the opportunity fill their carts at many different kinds of stores and have the total cost of their purchases divided into smaller payments over time. The purchases are shipped as soon as the final payment is made.

“With layaway, the early bird can still get the bargains. The best selection is on store shelves early in the holiday season when you may not yet have enough money saved to buy gifts. With layaway, you can have your choice and pay on your timetable,” said Stark, who shares her money-saving tips through free financial literacy workshops, in the media, and online at www.americandebtcounseling.org.

According to Stark, layaway also reduces impulse buying by giving consumers time to be sure they are buying the right gift at the right price. “Shoppers using layaway give themselves the gift of peace of mind knowing that all the holiday presents have been paid for before they are opened,” she said.

While there is no federal act that specifically regulates layaway, there are laws that pertain to unfair practices and truth in lending. According to the Federal Trade Commission, consumers and retailers should use the following checklist when entering into a layaway agreement:

- Do you have a complete description of the merchandise to be purchased in case memories fade over time?

- What is the total price of the purchase, including any service, layaway, or other charges?
- What is the minimum amount of each payment?
- What are the dates when payments are due?
- What is the date when the final payment must be made?
- Is there a cancellation and refund policy that offers full or partial refunds or store credit toward future purchases?
- How are refund or credit amounts determined?
- Will the item you are purchasing be separated from other merchandise so it cannot be sold to someone else?
- If the item is taken out of general stock, or not in stock, when will it be ordered for you so that you will have it when you make your final payment?

Based in Sunrise, Fla., American Debt Counseling, Inc. is a 501 (c) (3) non-profit organization providing financial education programs as well as confidential and professional certified credit counseling and debt management services across the nation. American Debt Counseling, Inc. is BSI registered and a member of the Association of Credit Counseling Professionals.

For a free budget review from a certified credit counselor please call Kirby Nelson at 1-888-DEBT-USA, or go online to www.americandebtcounseling.org.

#