

WHAT DO RENT-TO-OWN PRODUCTS ACTUALLY COST?

The following findings were compiled by the New York City Council, in a report entitled, *Kick-Off to a Rip-Off: Loose Laws Lead to Inflated Prices for Rent-to-Own Consumers*”.

37” LCD Flat Panel HDTV – Manufacturer’s Suggested Retail Price \$1,599.95”

LCD Average Retail Price	Rent-to-Own off the Floor Cash Price	Rent-to-Own Total Cost (Approx. \$36.35 per week for up to 142 weeks)	Difference between Average Retail Price and Rent-to-Own Total Cost
\$1,297.65	\$2,479.06	\$5,186.61	\$3,888.96 or 300%

Queen Size Mattress Average Retail Price	Rent-to-Own off the Floor Cash Price	Rent-to-Own Total Cost (Approx. \$26.80 per week for up to 86 weeks)	Difference between Average Retail Price and Rent-to-Own Total Cost
\$494.66	\$846.44	\$2,307.40	\$1,636.85 or 244%

A consumer is planning to buy a new refrigerator that sells for \$1,000 at a local appliance store. He or she does not have the money to pay for it all up front, and is thinking about using a (1) a MasterCard/Visa credit card, (2) store credit card, (3) bank line of credit, or a (4) rent-to-own contract. Below are some dollar amounts, comparing options.

How much will you pay for a \$1,000 refrigerator?

Bank Line of Credit

27 monthly payments at \$40/payment = \$1,080
Annual percentage rate = 6%

MasterCard/Visa

32 monthly payments at \$40/payment = \$1,280
Annual percentage rate = 18%

Store Credit Card

38 monthly payments at \$40/payment = \$1,520
Annual percentage rate = 28%

Rent-to-Own

24 monthly payments at \$80/payment = \$1,920
Annual percentage rate = 72.5%