Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
**Buy Now, Pay Later***A thinkLaw Math Lab*

**thinkStarter** (Perez v. Rent-A-Center, New Jersey, 2005)

A washing machine and a washer

Description automatically generatedHilda Perez needed some items for her home. Hilda went to a Rent-A-Center.

Rent-A-Center is a store that allows people to rent items. A customer can rent furniture or electronics for a weekly or monthly fee. People can eventually own the items after they’ve paid the full cost of the items. Or people can return the item to the store and stop paying rent.

Hilda rented used furniture, a used washer and new dryer, a used DVD player and television, a new computer, and a used large screen television and cabinet. Hilda agreed to pay weekly rental payments.

|  |  |
| --- | --- |
| **Total Cash Prices of the Items**  $9,301.72 | **Final Cost to Own Items**  $18,613.32 |
| How much extra did Hilda need to pay for renting-to-own the items? | What is your gut reaction? Why? |

**thinkStarter Summary**

*A black and white logo

Description automatically generated*A logo with text on it

Description automatically generatedHilda had to pay a significant amount of money to use a payment plan. How do you know if a payment plan is a fair deal? In today’s thinkLaw lesson we will look at some offers and determine if they are a fair deal.

**How Do Payment Plans Work?**

A **payment plan** is when a person buys an item but instead of paying the full price immediately, they make smaller payments until they pay off the full price.

It's almost always cheaper to pay the whole amount for an item up front. If you make smaller payments, you usually end up paying more than the original amount.

|  |  |
| --- | --- |
| Why would a company charge people extra money to make smaller payments on an item? | Do you think that’s fair? Why or why not? |

A paper with a coin and checklist

Description automatically generatedPayment plans are important.

Making smaller payments over time can be a way for people to get items they need. There are many items that most people cannot buy without a payment plan. Items like cars, houses, and other large purchases can be too expensive to pay for all at once. If there were no payment plans, most families would never be able to buy cars, houses, and other expensive items.

A logo with text on it

Description automatically generated*A black and white logo

Description automatically generated*You can look at a deal and have a **gut reaction** if the offer is a good deal or a bad deal. But you can use math to move from a gut reaction to an **informed opinion!** Using your math skills will help you make better decisions with your money. Let’s look at a few deals together.

**A couch with a price tag

Description automatically generated**

**Is it a good deal?**

What is your gut reaction?

* Good Deal
* Bad Deal

|  |  |
| --- | --- |
| How much more will you pay with the payment plan? | What is your informed opinion?   * Good Deal * Bad Deal   **Why or why not?** |

**A black screen on a wall

Description automatically generated**

**Is it a good deal?**

What is your gut reaction?

* Good Deal
* Bad Deal

A logo with text on it

Description automatically generated**

|  |  |
| --- | --- |
| How much more will you pay with the payment plan? | What is your informed opinion?   * Good Deal * Bad Deal   **Why or why not?** |

**A white car with a black and white text

Description automatically generated**

**Is it a good deal?**

What is your gut reaction?

* Good Deal
* Bad Deal

|  |  |
| --- | --- |
| How much more will you pay with the payment plan? | What is your informed opinion?   * Good Deal * Bad Deal   **Why or why not?** |

**A white truck with black text

Description automatically generated**

**Is it a good deal?**

What is your gut reaction?

* Good Deal
* Bad Deal

|  |  |
| --- | --- |
| How much more will you pay with the payment plan? | What is your informed opinion?   * Good Deal * Bad Deal   **Why or why not?** |

A logo with text on it

Description automatically generated**

**thinkAdvice**

Imagine your cousin is thinking about agreeing to this payment plan. What advice would you give them? Why?

**A couch with a price tag

Description automatically generated**A black and white image of a person

Description automatically generated

This seems like a pretty good deal. What do you think I should do?

**Your Advice:**

**A tv on the wall

Description automatically generated**A black and white drawing of a person

Description automatically generated

I saw this ad for a TV. What do you think? Should I buy the TV?

**Your Advice:**

What is the **MOST IMPORTANT** advice you can give someone about a payment plan? Why?

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Description automatically generated*A logo with text on it

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**thinkBigger**

People often agree to payment plans after speaking with a salesperson. A salesperson’s job is to get someone to agree to accept a deal.

Pretend you are a salesperson; what would you say to convince someone to take the deal?

|  |  |
| --- | --- |
| **A white car with a black and white text  Description automatically generated** | **A white truck with black text  Description automatically generated** |
| What would you say? | What would you say? |

Do you think salespeople should be allowed to make sales that they know are a bad deal? Why or why not?

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