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CAHP Credit Union

## Are Buy Now, Pay Later Plans Right for You?

### Buy now, pay later

Buy now, pay later (BNPL) services allow consumers to divide their total purchase into equal payments, with the first installment due at checkout. Like credit cards, these plans sometimes charge interest, resulting in greater debt risk.

### How does buy now, pay later work?

At checkout, you'll see an option to break up your total purchase and pay a smaller amount now, instead of the full balance. It may ask for your name, address, email, date of birth, phone number, and Social Security number. Then the BNPL provider may perform a soft credit check, which won't affect your credit score, and can approve your application quickly.

Plans vary by provider, but many use a "pay-in-four" or "pay-in-six" model, which divides your purchase into equal installments, each due two weeks apart, with the first due immediately. For example, for a pay-in-four model, if your total purchase is \$300, you'll pay \$75 at checkout and have three remaining payments of \$75 each. As long as you make all payments on time, you'll pay off your purchase in a short time.

### What are the pros?

One advantage is that your larger payment can be divided into more manageable payments, often at 0% interest.

### What are the cons?

BNPL plans can encourage overspending by obscuring the true purchase cost. For example, it may not feel like a \$200 purchase if it's four installments of \$50.

BNPL costs can add up, especially if you have multiple plans at the same time. Many plans require a checking account payment every two weeks rather than once a month.

If you miss a BNPL payment, you may be charged late fees or interest on your balance.

Should you stop making payments, BNPL services can turn your account over to a collection agency. Besides accruing more fees and interest, your credit score could go down.

### Possible overdrafts

Entering your checking account information for automatic payments could increase the potential for overdrafts if you aren't careful.

If you are required to set automatic BNPL payments, remember the schedule and make sure enough funds are in your account. Make sure you leave enough after each paycheck deposit to meet the payment date and avoid late payments.

### Should you use BNPL?

That depends on your personal financial situation and responsibility. To responsibly use BNPL, be prepared to:

- Make all payments on time to avoid fees.
- Keep enough funds in your bank account to cover automatic payments.
- Evaluate the full cost of purchases to avoid overextending.

### The bottom line

Like many financing options, BNPL has pros and cons. Your personal financial situation will dictate whether or not it's a good idea. There may be other financing options that make more sense for you, like using your CAHP credit card.

# DISPATCH

SPRING 2024



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## HOLIDAY OBSERVANCES

CAHP Credit Union will be closed:

### *Memorial Day*

Monday, May 27

### *Juneteenth National Independence Day*

Wednesday, June 19

## OFFICE HOURS

8:00 AM - 4:30 PM  
Monday - Friday

## CORPORATE OFFICE

P.O. Box 276507  
Sacramento, CA 95827  
800.542.2247  
cahpcu.org

## LOST OR STOLEN VISA CARDS

### *During Business Hours*

Call or visit your local  
CAHP Credit Union office

### *After Hours and Weekends*

Visa Debit and Credit Cards  
800.472.3272

# Home Equity Line of Credit



## Home Is Where the Lower Interest Rate Is.

CAHP Credit Union's Home Equity Line of Credit is secured by your home, so you can get a better interest rate than with a traditional installment or consumer loan. **Plus, the interest may be tax deductible.<sup>1</sup>**

### With your CAHP Credit Union Line of Credit,<sup>2</sup> you can:

- Borrow up to 80% of your home's equity<sup>3</sup>
- Withdraw cash only when you need it
- Get easy access to cash for ongoing expenses over a long period of time
- Avoid annual fees – there are none<sup>4</sup>
- Enjoy the flexibility of making interest-only payments for the first 10 years of the loan



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Apply online today!  
[cahpcu.org](http://cahpcu.org) | 800.542.2247



All loans subject to approval. Rates, terms, and conditions are subject to change and may vary based on credit worthiness, qualifications, and collateral conditions. \$50 membership savings account required to apply.

(1) Consult your tax advisor. CAHP Credit Union does not provide tax advice.

(2) Limited to one-to-four-family owner-occupied properties located in the state of California. Excludes mobile homes, vacation, and investment properties. Before your equity loan or line of credit is funded, all loans secured by your home other than your first mortgage must be paid off. Subject to property valuation. Property insurance required. Flood insurance may be required. All programs and maximum combined loan-to-values (CLTV) are subject to change or termination without notice. Other programs are available. Your maximum loan amount will be calculated using the combined loan-to-value of your existing first fixed-rate mortgage and new second mortgage according to current guidelines.

(3) Up to \$150,000. Minimum loan amount \$25,000.

(4) The minimum annual percentage rate (APR) is 8.99%. The rate may change after the account is opened. The maximum APR is 18%. One-time Home Equity Line of Credit Processing fee of \$1,199.00 assessed at funding.

# DISPATCH

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## NOTICE OF VACANCIES

The following volunteer positions are up for election:

### Board of Directors:

Two (2) 3-year terms

### Supervisory:

One (1) 3-year term

## NOMINATION PROCEDURES

Qualified members may be nominated by one of two methods: (1) recommendation by Nominating Committee or (2) nomination by petition. Eligible members who wish to be considered by the Committee must complete Official Application Documents by May 13, 2024. Please send a written request to the address below to receive Official Application Documents and eligibility criteria. To be eligible to run by petition, candidates must submit Official Application Documents and a Petition Form signed by 100 eligible voting members, not later than June 24, 2024.

CAHP Credit Union  
Attn: Nominating Committee  
P.O. Box 276507  
Sacramento, CA 95827



CAHP Credit Union Members, take advantage of Auto and Home/Renters Insurance that is...

Simple.  
Trusted.  
Affordable.  
Right for you.



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## Grab Some Cash for COLLEGE

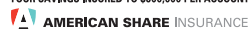


The application for the 2024 Educational Scholarship is now available online. Completed applications must be submitted by June 28, 2024.

Apply Today!



YOUR SAVINGS INSURED TO \$500,000 PER ACCOUNT



This institution is not federally insured, and if the institution fails, the Federal Government does not guarantee that depositors will get back their money. The credit union is not insured by any state government.



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