

0 (1s):

You finally decided to learn how to ice skate. So you ordered the essentials. Every ice skater needs a pair of blades, a new helmet, and a good set of knee pads. And you used your bank of America cash rewards credit card, choosing to earn 3% cash back on online shopping rewards that you put towards the cost of an essential piece of post skating recovery, a heating pad Visit [bank of america.com/more](http://bankofamerica.com/more) rewarding to apply. Now copyright 2020 bank of America corporation.

1 (33s):

<inaudible>

2 (39s):

Great to have you here for our podcast of the Clark Howard show. And on today's show, we're going to talk about changes going on with how you buy things, how you use credit or don't use credit and a new way for you to use something that is kind of have like a cross between debit and credit. I'll fill you in coming up, including your questions. I want to tell you something really, really weird, odd going on. And it's happened to me already in this January after Christmas period. I think Christa, you told me this happened to you too, that you had something you were trying to return.

2 (1m 22s):

Its happened to me in a few times over the last year. And Joel, I don't know if this has happened to you, that you went to return something and they said, nah, don't worry about it and just keep it. We don't want it. Perhaps over the holiday season, I was surprised. So what's going on is you may have heard me in the fall talk about how the shipping costs being charged by FedEx and ups have been backbreaking for retailers, particularly on less expensive items. And so retailers are for less expensive items. They must have software that it says when you contact them to return the item as an unwanted gift or whatever, that was a smaller items with companies that pay the ship.

2 (2m 11s):

The cost of shipping, the return of the items are now saying, you know what? I just keep it. And they will be a small number of people who abuse that in say they don't want something for that reason, but it's going to be a rare kind of thing where somebody would abuse that because these are a lower cost items. I wanted to tell you how we are. The whole shipping thing is though. So I bought a new, our handheld vacuum. We're all obsessed with, you know, using one of those little handheld vacuums for the point that we are is finally died. And so I needed to buy a new one and I shopped around a used frugal.

2 (2m 55s):

I went to different sites and the best deal on one was Walmart well Walmart, unless you're a Walmart plus member, which I'm not yet, you have to spend \$35 to get the free shipping. So this was 29, 88. So I had to come up with something else to Buy and I kept trying to put things in my cart and they didn't qualify is the add on, they would get me to 35. So finally, a this is terrible, terrible story. I can't believe I'm telling this on

myself. So I use a ultra cheap discount toothpaste.

2 (3m 35s):

I use aim and in a 5.5 ounce tube, it is typically 88 cents for a big full size tube. It's 88 cents. Well, my hygienist says, I need to use this. She wants me to try this other toothpaste and it's something called Herro Don tax or something like that ever got, what is it called? It comes in, in this miniaturized two to three and a half ounces. And it's like \$6 for this To and I'm like, I won't buy it. I mean, let my teeth fall out of my head. I'm not going to buy this expensive toothpaste.

2 (4m 16s):

So then I don't have enough money in my cart. So I go back to Walmart dot com and look for this first ad to look how to spell this toothpaste, pero Don tax or something. And so they have it a Tupac for \$10 and I'm like dying so that I could get a weapon giant tubes of aim for what this little two pack thing is, but it's going to get me the free shipping. So I added it on and I order it cause it was going to have to pay \$6 to have this a handheld back delivered and they didn't have the vac available for a curbside pickup, which I would have done.

2 (5m 2s):

So I know what are the toothpaste. And then I just felt so guilty because Walmart delivered it to hours later to my door. Do you realize how much money I cost them? The vacuum isn't coming for another five days. And so now I have my zillion dollar toothpaste. I'm making my hygienist happy. Hopefully my teeth won't fall out of my head, but I just felt so guilty. Cause think about how much money Walmart lost. Having somebody tote these two miniaturized toothpaste tubes to my house into ours did any did come on.

2 (5m 50s):

Did either of you know, that they delivered stuff like that in two hours. Now you're hilarious. Impressive.

3 (5m 58s):

And also ridiculous.

4 (5m 60s):

Do you know how much of a cost to you if your teeth did fall out? I mean, come on, man.

3 (6m 4s):

That's true. The tooth paste is, you know, it, it's, it's pretty inexpensive compared to the dental work and going to have to have done. If you don't take care of those teeth,

4 (6m 12s):

We have a, sorry, you can go pick up the vacuum in your Tesla. What is that mean? Well, is that I'm kidding?

I'm kidding.

2 (6m 23s):

Oh anyway, I'm sorry. I just had to tell that story on myself because I've been trying for six weeks to find that toothpaste at a deal and had not been able to. And so being able to get the free shipping made effectively the two tubes of toothpaste, \$2 each instead of \$5 each, I know that killed you \$2 each of them, man. All right. That has been said, can't wait for the comments from the dentists and the hygienists. That'd be fun, Chris, to go ahead.

4 (7m 3s):

Okay. Clark Daniel in Florida says my recently divorced daughter had her credit ruined by her husband. If I add her as a user on my credit card to boost her score, will her bad credit show up on my score. Hers is six 40 and minus eight 20.

2 (7m 22s):

First of all, I'm really, really sorry that happened to her with her former spouse. Second, you will not harm your credit at all by extending your good credit reputation to her. And if you're all worried about what she might do with using the credit, or if the ex spouse might some way find his way into that credit, don't give her the actual plastic and you'll be fine as for her situation. Six 40 is not the greatest score, but it's not horrific. And so I don't know how much damage was done to it because six 40 is something that's recoverable from.

2 (8m 7s):

If she has any unpaids on her credit, that's what takes the longest to heal late pays. She will absolutely recover from with time. And she'll see with you giving her the booster shot and immediate bump up in her score. Joel

3 (8m 30s):

Clark bill and Arizona says, I know you're not a fan of banking, overdraft protection due to the high fees. Usually something like \$35 a pop. My bank offers overdraft transfer service at no charge though. So if you overdraw your checking account, it automatically transfers the extra money from your savings account. I've never heard you mentioned this alternative and I'm wondering if you're aware of it.

2 (8m 51s):

I am aware of it. And the fact that you're a financial institution allows you to do it for free means. They are doing the right thing by you and your avoiding the overdrafts and you are avoiding the junk fi for the automatic transfer. So that is great. One thing to look at, if you do this routinely, it's possible that you will end up with fees for excessive withdrawals from your savings account. Just make sure that that this is something that is just a emergency backup for you. That is used just very occasionally, but I'm glad that it's a good idea. And I'm glad that your bank is doing it at no junk fee to you.

2 (9m 34s):

Krista

4 (9m 35s):

Clark Joe in Georgia says we saw a Toyota truck for sale for \$1,000. When we inquired, they said they were going through E-bay to protect us and then eBay invoice through email. The invoice requires us to buy five, \$200 E-bay cards, email them the pictures with ID and they will deliver the truck. Does E-bay do business like this?

2 (9m 59s):

No, this is a scam. This isn't E-bay doing business like this is flat out a scammer. I've never heard of one where somebody had a physical vehicle out there with a sign on it and was using it as a way to rip people off. If you don't mind drive by see if that vehicle is still being advertised for sale, like it was and contact your local police. You're giving them on a silver platter, a criminal enterprise that may be they'll be able to chase down and you would be doing a big service to other people. This crook will be able to steal money again and again, this way at a thousand dollars a pop and you are wise to smell a rat because there is a rat here and Avoid getting taken

3 (10m 51s):

Joel or Bob in Georgia says I've heard commercials about basically locking down your house title and how you can protect your title for a fee. Is this just another product marketed on the basis of fear? And is there any difference in concern or threat level of if this title theft happening, if you own your home outright instead of still having a mortgage.

2 (11m 11s):

So the risk C you would be far larger if you own your home free and clear, but this is for the most part of the solution, looking for a problem, it is not a scam. And we ran this by five different real estate lawyers and asked all five independently. None knew the answer to anybody else had given all five said, this is unnecessary and don't spend the money. There is a rare event of somebody trying to steal the equity out of people's homes. It's a very rare occurrence when it happens, it can be hideous, but now many counties have a system where you can register for notification, for activity that may occur on your title, that would help you in this case.

2 (12m 1s):

I mean, these are the services that promote themselves are really only doing for a fee. What county's now providing the email notifications for free or doing anyway. But again, this is a very, very, very rare crime.

Krista

4 (12m 20s):

Clark Jennie in Virginia says we were in the middle of a predicament and we'd like your advice for a little background. We have a large family and we need eight seats and drive cars for 10 plus years until they are more costly to repair than they're worth. We replaced our 2008 suburban with a 176,000 miles and needing a new engine with a 2019 Honda Odyssey last January. So long story short, our van has well-documented transmission issues as do many other eight, 2018 and 19 Odysseys. We'd love to get rid of the new car now one year in less than 10,000 miles on it, but are not sure what course of action makes the most financial sense.

4 (13m 1s):

Do you have any words of wisdom?

2 (13m 3s):

I'm aware of the issues that you refer to with the Honda is a 2018, 2019 Odysseys Honda will, without doubt be forced into some kind of a customer accommodations. There may be some kind of recall eventually that occurs on this. And the Odyssey overall is a vehicle that people get generally a lot of trouble for years out of it. And to dump it because of this one issue that I think Honda will be forced to resolve at no cost to consumers is when that would be a premature dumping of a vehicle that provides well for your large family.

2 (13m 51s):

And again, this is a very well-known defect in certain years of the Honda Odyssey. I appreciate all the questions we've already gotten to. We have more coming straight ahead, but I got some information for you about the way you're going to be offered to buy things. If not already, very soon in 21, coming straight ahead,

0 (14m 18s):

You decided to upgrade your outdoor deck. So you ordered the essentials, a power washer or a set of patio chairs and a shiny new grill. And you used your bank of America cash rewards credit card, choosing to earn 3% cash back on online shopping or up to 5.2, 5% as a preferred rewards member, which you put toward the cost of your most essential deck addition, a bird feeder apply for yours@bankofamerica.com slash more rewarding copyright 2020 bank of America corporation. You decided to upgrade your outdoor deck. So you ordered the essentials, a power washer or a set of patio chairs and a shiny new grill.

0 (15m 1s):

And you used your bank of America cash rewards credit card, choosing to earn 3% cash back on online shopping or up to 5.2, 5% as a preferred rewards member, which you put toward the cost of your most essential deck. Addition, a bird feeder apply for yours@bankofamerica.com slash More rewarding copyright 2020, the bank of America corporation.

2 (15m 27s):

Glad you're with us here on the Clark Howard show. Once you have to know when you need empowerment for your wildlife checkout Clark dot com and Clark deals.com, where we help you stretch every single dollar, make smart decisions with your wallet and so many different ways. And I know a lot of financial decisions you have to make to get really overwhelming and confusing things that we are just like to be able to make a smart choice. And we get overwhelmed with what someone's the paradox of choice, too many options. We don't know what to do. We drill it down for you on Clark dot com with our guides, to making decisions, to think about technology who are in the world, knows how to pick a television service, a cell phone plan, a cell phone company, just to name a couple of examples and we get it done for you.

2 (16m 20s):

So you make the best choice for your personal wallet and speaking of your personal wallet, something that popped up in the US in a meaningful way, mid 2020 is going to spread steadily around the United States in 21. And it's where, when you are buying something online or buying something in a physical store, you will be offered a pop-up shopping online, or will be asked when you're shopping at a store. If you like to do that item, buy now pay later. It's something that has taken over in Australia, particularly with people under age 40 there's great distrust, or even contempt or hatred towards traditional banks among people under age 40.

2 (17m 15s):

And so, and, and not everybody, but that's the general trend. And in particular people who came of age during the great recession, saw the significant harm that happened to parents or aunts or uncles or friends from credit card balances. When people got hit over the financial head of the two by four, by the great recession. And so credit card balances have actually been declining. People are not as into using credit cards anymore. And a take up of debit cards with people, particularly under age, 40 has been giant is they look at credit cards as poisoned to their pocketbook.

2 (18m 6s):

Now you've heard me speak over the years about when credit cards are appropriate and why they would be appropriate as a payment system, not as a way to borrow money. And at the same time, the banks are terrified of what started it. As I mentioned in Australia and has come to our shores, which are these companies that don't even require a check of your credit and tell you, Hey, that item you're buying we'll that you pay for it interest for a fee-free. If you pay for it over the next four months, there costs for that often subsidized by the online seller or the traditional retailer, which helps get things sold.

2 (18m 51s):

That wouldn't be otherwise. I think these plans are fine. If it doesn't encourage you to buy things, you really can't afford. It gives you the ability to walk out of the door or have something delivered to you, but you haven't paid for yet and not have to worry about the massive ginormous interest that the banks rip you off with on credit cards. And all you got to do to have access to this as a way of buying things is honor your commitment to pay those things off in the typical four monthly payments that are required of you.

2 (19m 34s):

It is for shopping online. I like this because many times, if you shop like with a debit card, you have waived all your rights and online merchant. Doesn't send you the goods. So you have a dispute about the quality of the goods or whatever you are. Money is gone. When you pay with a credit card, you have protection. And as a general rule, if you pay with these buy now pay later things. You're also protected. 'cause none of your money is left in your hands. Yet, if you haven't gotten this stuff, do you have an automatic defense against having to pay? So debit cards have a role for people.

2 (20m 17s):

Who've had trouble handling money, handling credit, but know that they come with risks. If somebody hits up, your checking account gets in there, you have to fight to get your own money. Restored. Somebody's gets a hold of your debit card number and use. Is it your money's disappeared? Do you have to fight to get it back? The meantime you don't have access to your money. Your rights are under federal law or a vastly inferior compared to a credit. But I understand it. If credit has been a poison for you, that you can't deal with it. And that's why these Buy now paying for a month things or a viable alternative, Krista

4 (21m 5s):

Deborah in Massachusetts says, hi, Clark I plan to by a second home and spend the winter months in Nevada, about three to four months, January through April and the remaining months to Massachusetts in order to earn income on the house when I'm not there. What are your thoughts on Airbnb rentals or any other options for earning an income from the second home in Nevada when I'm in Massachusetts? Also, I don't plan to do this until the COVID pandemic resolves

2 (21m 33s):

Because you say in Nevada, I say Nevada,

4 (21m 37s):

Getting it wrong. Huh?

2 (21m 38s):

Now I don't know. People argue about that forever. Anyway, the Airbnb thing is becoming somewhat risky because of a change in federal rules that I wanna address and full at another date. But I want you to know that for now, Airbnb is a very viable way for you to generate income. You are going to need an onsite local property manager, and generally you would have them handle your Airbnb bookings for you. They would be responsible for making sure that the unit is cleaned between each a customer, that the supplies are there that need to be that repairs that are done.

2 (22m 23s):

I need to, that need to be done, are done, and you'll lose a meaningful part of your revenue from what you're having to pay in on-site property manager. But with you being all the way back East, you're going to need that, but it is a good way for you to generate income. And it's better for a property to be occupied rather than unoccupied for eight or nine months the year. So I like that as a way for you to bring some money in and know that you have to have the trust in who you've hired as a property manager, to get things done and done well for you.

2 (23m 8s):

Joel, Clark

3 (23m 10s):

Jennifer and Mississippi says four months ago, my husband and I sold our house. We moved into a camper. Our goal in doing this was to use the money earned from the sale in order to pay off our debts. We have all, but one debt now paid in full on. All of the remaining is a 14,000 doctor, a \$14,000 doctor, bill I'll be doubling up on this to have it paid off ASAP. Also for the first time ever. We're in a position to really focus on saving more money. We have \$2,300 in savings now, which for us is a lot of my question, is this, what can we do in order to grow this money? I want to have a nice nest egg when we decide to purchase another home. And I'd your show. And I respect your

2 (23m 46s):

Advice. First things first, I want to tell you how proud I am of view that you have made such a giant sacrifice is a couple that you are living in this camper to bring your costs down as low as you possibly can so that you get these debts out of your life. This is an amazing thing that most people psychologically could not bring themselves to do. And it's giving you control in your life is you're now living on substantially less than your income. You're freeing yourself from your debts, the anxiety they've caused and the costs they've caused for what you're trying to do next, build up that reserve so that you can then have the down payment for your next house.

2 (24m 36s):

You cannot invest that money. It can only be saved because when you invest, you may find that money is at risk. That market will take a bad turn. You'll lose a lot of that money that you've worked so hard to build up a reserve up so slow and steady and dull wins this race. And you're going to win. Make no mistake because of the discipline you're showing and how you're living your life right now, a simple savings account with an online bank is the right thing for you to do you own or in a lot of interest, but your money will be fully safe. And I am so excited for you, how you've been able to take control if your present and your future financially, Krista

4 (25m 24s):

John in Oklahoma says Clark you recently told a story about vehicles being stolen because people leave

their keys in the car by accident because of keyless go features that don't require us to touch the keys anymore. I wanted to share my embarrassing story, similar to your wife's. As you're aware from your frequent travels rental car companies typically give you a huge key chain with multiple keys to the car and they don't fit into your pocket. I rented a car and stopped at Walmart to get a few things and mid shopping realized I didn't have my keys. I had left them in the car when it running and it would not in a good part of town. I sprinted out of the car, imagining it's out to the car and imagining that I would have to file a police report in to admit that I had left the keys in the car.

4 (26m 11s):

Fortunately it was there and all was good. Another embarrassing story, and a good reason. Rental companies should not do this for their keys. Thanks for all you do.

2 (26m 21s):

Thank you for that. And it just shows this is something that happened to so many of us. Let me explain the car rental thing, cause that's always been maddening to people is they give you all the keys to a vehicle at Most rental agencies. And the reason is, is that rental fleets move around the country. And so they need all the keys with that vehicle. So if you pick up one place, drop in another, they have all the keys following the car, instead of having to reunite The the other key with the car. And so it makes the stakes higher. If you lock the keys in a vehicle or you leave them in the vehicle like you did or whatever it is.

2 (27m 3s):

So there's a method to their madness, but it is an inconvenience for the renter. And thank you for sharing your story. And I appreciate all of you giving yourself the opportunity to empower yourself in your wallet to take control of your financial future. And that's what we're about. If you just kind of found your way to our podcast and you'd like to subscribe, go to Clark dot com slash Podcast.