



### **“Using Credit to Save Money”**

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In this highly depressed economy, you can obtain hidden savings by using credit to purchase items you normally would purchase with cash. Many stores offer these to help entice buyers into a purchase. Since interest rates are so low, you can buy these items using the store’s credit while your own money is being used for other purposes.

Remember however, that you do not want to take this concept too far. You can still overextend yourself—whether interest rates are low or high—and find yourself with credit problems in the future. Like anything else, be sure to do research on how much the credit is costing and what other uses you have for the cash you would normally be paying with. If you have a good investment—especially one that will beat the interest rate offered by the store to finance the item—you can take a chance and keep the difference in your own pocket.

Suppose you are buying a new car. Paying the dealers higher rates could have put you in the dumps back in the day. In the economic downturn, car dealers are getting desperate, so you might be able to purchase a car with a no interest loan. This sounds crazy, but remember, as discussed previously, there are actually 2 deals in such a transaction: the car purchase and the financing terms. If you can hold the price of the vehicle close to the dealer cost, yet also get a no interest (or very low interest) loan to finance it, then this deal will make very good sense.

You can apply similar principles when shopping for a mortgage. The real estate market may even be more depressed than the auto market, so the deals to be had may even be better. But the principle is the same. As mentioned before, you need to shop around, but if you can lock in a low interest rate, it will translate to big savings when the cost of money rises,



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and given the depressed world economy, it surely will.

### **About The Author**

André Larabie, PhD, is distinguished for his expertise in teaching, coaching, business consulting, commercial debt resolution, training, consumer debt collection, mediation and arbitration. Dr. Larabie has owned and operated 2 collection agencies, a factoring organization and a business management consulting practice in both the USA and Canada. Email: [andre@andrelarabie.com](mailto:andre@andrelarabie.com), Website: [www.AndreLarabie.com](http://www.AndreLarabie.com)