

Your MONTHLY MONEY

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What You Need to Know About the New "Click to Cancel" Rule and How It Impacts Your Finances

By April Lewis-Parks

In today's subscription-heavy world, it feels like everything—from streaming services to meal kits—can be set to auto-renew. While these services may offer convenience, canceling them can be a real headache. That's why the **Federal Trade Commission (FTC)** has introduced the **"Click to Cancel" rule**, making it easier for consumers to manage and end recurring subscriptions with a simple click.

Let's break down how this new rule can benefit you and how it fits into your overall financial picture.

What Is the "Click to Cancel" Rule?

The "Click to Cancel" rule was recently finalized by the FTC and it's designed to simplify the process of canceling subscriptions or recurring payments. Under this rule, companies are now required to provide an easy and straightforward way to cancel subscriptions online. If you signed up online, you should be able to cancel online with just a few clicks—no more jumping through hoops or making endless phone calls to customer service.

How Does It Work?

- If you can sign up for a service online, the company must provide a similarly easy way for you to cancel it online.
- Companies are prohibited from making consumers go through additional steps, such as speaking to a customer service representative, before canceling.
- If a business offers upgrades or alternatives while you're canceling, it's required that these options don't add extra hassle or time to the cancellation process.

This ensures that when you decide you're done with a service, you can walk away without unnecessary delays or fees.

Why Is This Important for Your Budget?

For many of us, subscriptions can quietly eat away at our budget. You might sign up for a free trial or a discounted introductory offer, only to forget about the recurring payments that follow. These small, recurring charges can add up quickly and may even go unnoticed on your credit card statements. The new "Click to Cancel" rule is a tool that can help you avoid paying for services you no longer use or need.

This is a great time to take a close look at what subscriptions you're paying for—streaming services, memberships, meal kits, apps—and see which ones you can cut out.

Tips for Managing Subscriptions and Recurring Payments

- 1. Review Your Bank and Credit Card Statements Monthly**
Take a few minutes each month to look over your statements for any recurring charges. Ask yourself if you still need those services or if they're just draining your account.
- 2. Set Reminders for Free Trials**
Free trials can be helpful, but they often convert into paid subscriptions. Set reminders on your phone or calendar to cancel before the trial ends, so you don't get hit with charges.
- 3. Track Your Subscriptions**
Use a budgeting app or even a simple spreadsheet to track all your recurring payments. This makes it easy to see where your money is going and helps you decide if a service is worth keeping.
- 4. Be Conscious of Upgrade Offers**
If you're offered an upgrade or promotion during the cancellation process, think carefully before accepting. Sometimes, companies use these offers to keep you locked into a subscription you were planning to cancel.
- 5. Don't Be Afraid to Cancel**
It's your money, and you have every right to cancel services you no longer want. The "Click to Cancel" rule makes it easier to take charge of your subscriptions and keep more of your hard-earned dollars in your pocket.

Final Thoughts: A Victory for Consumers

The new "Click to Cancel" rule is a powerful tool for consumers to regain control over their finances. It simplifies the process of cutting out unwanted services and gives you the freedom to manage your budget without added stress.