



The Truth about Rebates

The Motley Fool

By Elizabeth Brokamp

During back-to-school shopping season, your newspaper is stuffed with sales circulars promising “The lowest prices of the season!” and “Best prices all year round!” But many of those bargains aren’t in the form of price reductions; instead, they’re marked with an asterisk and the eensy-weensy tagline, “after mail-in rebate.”

What happens when the lowest price is packaged in the form of a mail-in rebate? Very often, the result is no bargain at all.

According to the [Federal Trade Commission](#), the claim rate for mail-in rebates is just 50%. That’s right. Half of the time, the store gets *full price*, making rebates a fabulous gamble for retailers. Even better (for them, that is) the rebate may have baited you into making a purchase that you would have otherwise delayed.

Why is the claim rate so low? Some of the fault lies with the consumer. Consumers lose receipts, fail to submit the rebate form on time (usually within 30 days of purchase), or don’t follow all of the directions. Requirements such as supplying the UPC code and proof of purchase also weed out the disorganized among us.

Take me, for example. When we moved into our new home a year ago, we purchased a Linksys Wireless Router at Best Buy for \$79.99 with the promise of a \$40 mail-in rebate. Guess how much we ended up paying? Yep, a whopping \$79.99.

This is the same wireless router that would have cost just \$59.99 outright had I purchased it at Wal-Mart or \$45.99 plus shipping using Froogle to find an online bargain. What happened? I stuck my receipt on top of a big pile of paperwork and by the time I got back to it, two things had transpired:

1. The deadline to submit the rebate had expired.
2. I had thrown the UPC code away, along with the packaging.

Instead of immediately saving \$20 by purchasing the router at Wal-Mart, I gambled for a savings of \$40 and lost.

Even if you do fulfill your part of the bargain, some companies routinely fail to return rebates in a timely manner, meaning that it could be months before you ever see your money. In 2005, for example, the [FTC settled complaints](#) against CompUSA, the first national retailer to be charged for allegedly failing to pay rebates within a “reasonable” timeframe.



But even more devious are the stores who never intend for you to get your money back. Rebates are lost or stuck “in processing” or denied with claims that you didn’t fill out the paperwork properly. It can be hard to fight this kind of problem because few consumers actually keep copies of their rebate paperwork and receipts.

What should all of this tell you? That mail-in rebates can be just as risky as playing roulette with your hard-earned dollars. The lesson is, if you want a real bargain, go for the sure thing. Look for outright price reductions, seasonal sales, and coupons to keep the sticker price low, rather than taking a chance on rebates.

If you do decide to take advantage of mail-in rebates, here are some tips for better consumer practices:

Know thyself. If you are a whiz at procrastination and disorganization, run from a mail-in rebate offer.

Complete the rebate paperwork and mail it in as soon as you get home with the purchase (and before you toss the packaging).

Comparison-shop to be sure that there’s not a flat-out price reduction available elsewhere without all the hassle.

Before you submit a rebate request, copy all of the paperwork.

Do a quick Internet search to see if there are any complaints about the retailer from whom you plan to make a mail-in rebate purchase.

Complain to the FTC if you have a problem with a retailer or manufacturer.

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*Fool contributor Elizabeth Brokamp writes a weekly column, [Ask Mrs. Riches](#), on money and relationships. Her charming other half is The Motley Fool’s own Robert Brokamp (TMF Bro), editor of Rule Your Retirement. *Best Buy* is a Stock Advisor pick; Wal-Mart is an Inside Value recommendation. Our [disclosure policy](#) is always a bargain.*

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