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FOR IMMEDIATE RELEASE

A Free T-shirt *and* a \$3,000 Credit Line? Whoopee!

-Credit Counselors tutors college students on the dangers of debt -

(Richmond, Va., November 2, 2004) – The t-shirt, baseball cap and coffee mug are all free. The balance college students rack-up on those first credit cards is not. College students need to know about the dangers of credit card debt, according to Credit Counselors, a nonprofit credit counseling agency offering students a crash course in personal finance.

A 2002 study conducted by Nellie May found college students carry an average credit card balance of \$2,327 and 47 percent of college students have four or more credit cards. Add that to other debts, such as car payments and student loans, and the average college graduate will leave campus having failed Debt Management 101 to the tune of \$20,402 in the red, according to the same study.

“While it’s a good idea to have a credit card for emergencies or important school-related expenses, too often college students learn the hard way that credit is not the same as cash,” said Amida Mehta of Credit Counselors. “Small and impulsive purchases over time can really add up, ultimately taking years to pay off.”

The problem begins during the first few days of a semester. Credit card representatives swarm campus bookstores and common areas offering students lucrative novelty items for enrolling with a high interest credit card. Many students who enroll have no real understanding of how credit cards work and very little income to pay them off.

“The greatest challenge for student credit card holders is that they often earn less money, pay only the minimum monthly charges, and never really pay off their balances until long after they’ve spent hundreds, if not thousands, in interest fees,” added Mehta.

Credit Counselors is offering the following tips to college students to help keep their debts down and their financial futures up:

- ***Avoid the “free t-shirt” offers:*** You may need a credit card, but not right away. Take some time to research the best card for your needs. It might be best to have a card that requires paying the full balance every month so you avoid the temptation to use it on non-emergency purchases. No matter what type you choose, find one with a low interest rate, and then be sure to pay it off on time every month.

- **Set goals:** Long term goal setting is not usually a focus among college students who have a hard time looking past their next exam or paper. However, it is never too early to consider where you want to be in five, 10 or 20 years, and what kind of finances you will need to get there. Remember this: you will have a much harder time reaching those goals if you are paying off old debts along the way.
- **Set a semester budget:** Calculate how much money you will need during the semester for books, rent, food, utilities and any other expenses. Whatever is left over is entertainment money, or better yet, savings. Make a promise to yourself that once you have spent or saved the money you have, that is it. Using a credit card to “get you through” until more money is available should not be an option.
- **Don’t feel ashamed:** Your parents likely expect to continue supporting you while you’re in college, so don’t feel ashamed about asking them for a few dollars when you need it. Chances are they’d rather help you out now with some weekend spending money than bail you out of credit card debt once you have graduated.
- **A hard day’s work:** Missing a few weekend outings or big campus happenings in favor of working a part-time job is not the worst thing that can happen to you. But, accruing high credit card balances might be. Try to pick up a part-time job, if only for five to 10 hours each week, and you will have the cash you need to enjoy your free time without jeopardizing your financial goals.
- **Get help:** If you find yourself in credit card debt, non-profit organizations such as Credit Counselors offer free, informational counseling services that can help you get on, and stay on, the right path towards financial independence.

While everyone wants to have a good time at college, students should remember that financial decisions they make now can affect them for years after the mortarboards hit the graduation hall floor.

Established in 1980, Credit Counselors, a nonprofit credit counseling agency, has helped more than 330,000 clients achieve financial security. Free and confidential consultations are available in person, by phone or online. Credit Counselors is a System Wide Member of the Better Business Bureau, and one of the largest members of the National Foundation for Credit Counseling (NFCC). Each counselor at Credit Counselors is required to be NFCC certified. Headquartered in Richmond, Va., Credit Counselors has branches in Virginia, Maryland, North Carolina and South Carolina. Visit Credit Counselors at www.RepayDebt.org or call 1-800-REPAYDEBT.

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