

BAD CREDIT REALLY CAN GO ON YOUR PERMANENT RECORD...!

“Students are getting the hard sell [from credit card companies] and getting into a lot of financial trouble as a result.”

— U.S. Rep. Joseph P. Kennedy, Chair, House Banking Subcommittee on Consumer Credit.

Your history of late payments and missed payments will get sent to the major credit reporting agencies, and forwarded to local “credit bureaus.” That information is used to indicate a poor credit history. That can be passed on to anyone from whom you want credit, such as banks, stores, and even landlords.

A poor credit history will follow you everywhere. It is almost impossible to get rid of it. Years from now, it can hurt your chances of getting credit cards, bank loans, or a mortgage to buy a house. **Your credit history can even be examined by a potential employer when you are looking for a job!**

BE CAREFUL!

Misjudgment or mistakes made with credit cards can haunt you for a long time.

IF YOU DO GET A CREDIT CARD....

If, despite the risks, you decide to get a credit card, there are a lot of matters to consider. There are many types of cards, a variety of ways of calculating interest, and other variables. Before you sign up, find out the answers to these questions:

- *What type of card is it? Credit? Debit? Secured?*
- *What up-front payments are required? An annual fee? A deposit as security?*
- *What is the interest rate? How is it calculated? Can it change?*
- *What is the maximum you can charge?*
- *Can you get a cash advance? What fees and interest rates apply?*
- *What credit reporting services does the company use? How often does it report?*

You can get more information about credit cards from:

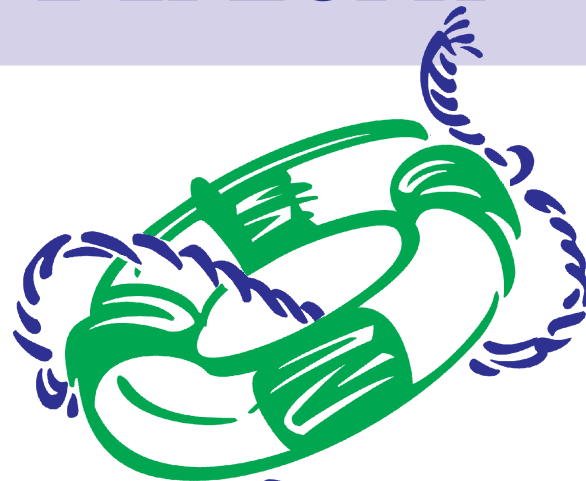
Bankcard Holders of America
524 Branch Drive
Salem, VA 24153
(540)389-5445
(540)389-3020(fax)

To file a complaint or obtain information, contact:

Pennsylvania Office of
Attorney General
Bureau of Consumer Protection
14th Floor, Strawberry Square
Harrisburg, PA 17120
(717) 787-9707

1-800-441-2555 (toll free in PA)

STAY AFLOAT



Don't
let
those

CREDIT CARD BLUES

get you

DOWN

**PENNSYLVANIA OFFICE OF
ATTORNEY GENERAL**

EASY CREDIT....

By now you've probably received many credit card offers. Credit card companies are always looking for new customers. They would like you to become a cardholder as early as possible in order to keep you as a satisfied customer for many years. There are a lot of businesses willing to let you have their credit card, despite your being a student. It's easy to get credit cards. And they can help you develop a healthy financial record if used sparingly and responsibly. Unfortunately, you can also get trapped with huge debt and no way out.

BE CAREFUL!!!

WHO DEFAULTS ON CREDIT CARD PAYMENTS...?

According to studies, the vast majority of people who default on their credit card payments earn less than \$30,000 per year. Most college students make considerably less than that amount. If you don't have a reliable source of income, think long and hard before getting a credit card. If your income is low and you do get a credit card, keep your purchases low so that you can fit your payments into your budget.

As a student living on your own, one thing you have to learn is how to live within your means. You may be one of many who is learning how to deal with rent payments, monthly bills and other expenses. At the same time, you'll want to spend money on other things like concerts, movies, CDs and parties. This becomes a problem when your paycheck or budget aren't enough to cover everything. What do you do?

When you have a credit card, it's so easy to spend money you do not have. You might buy things without hesitation that you never would if you had to pay cash. In less than a blink, you can make purchases way beyond your ability to pay. How are you going to pay the credit card bills? You can easily be on the way to huge financial problems.

"LOW MINIMUM MONTHLY PAYMENT...."

It's enticing to use your credit card and run up a tab you cannot pay. The credit card companies recognize that many people are unable to pay the full balance each month. Instead, they will allow you to make a **minimum monthly payment**. Although this sounds enticing, it can be the start of serious financial problems.

First, when you do not pay off the entire balance, you pay **interest** on the unpaid amount. Often, interest can be at an annual rate of 18% or more. Credit card interest is among the highest allowed by law. It is not an economical way to borrow.

Second, when you only pay the **minimum monthly payment**, you are paying interest on almost all of the balance. The interest makes the amount owed grow at an extremely fast rate. If you continue to pay only the minimum, the amount you owe gets bigger all the time. It is not unusual to pay as much in interest than the cost of your purchases! It can also take you a long, long time to pay off the debt.

For example, if you spend or charge \$2,000.00 by credit card in one month, at the interest rate of 18.5%, and only make the minimum monthly payment, it will take you 11 years to pay off the bill. And you will pay a total of \$1,934.00 in interest!!!*

* The minimum monthly payment being the greater of \$20.00, or 2.8% of the outstanding balance.

Don't let those CREDIT CARD BLUES get you DOWN