

For more ideas on how to take charge of your financial future, check out the other brochures in the **GET FINANCIALLY FIT!** series:

VOLUME 1

THE WARM-UP:

Get Ready for the Financial Fitness Challenge!

VOLUME 2

THE WORK OUT:

Take the Financial Fitness Challenge!

VOLUME 3

THE BIG WEIGH IN:

Take Financial Charge!

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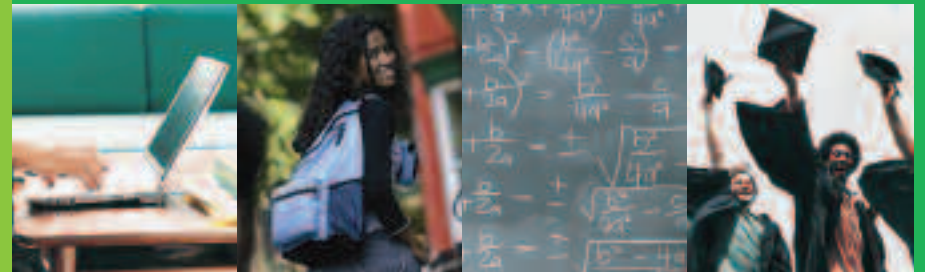
FOR MORE INFORMATION:

GET FINANCIALLY FIT



THE WARM-UP GET READY FOR THE FINANCIAL FITNESS CHALLENGE!

For most students, college means freedom and fun. At the same time, most students are on fixed incomes and have little experience managing money. The decisions you make now can help build your financial future.



1. HOW YOU USE CREDIT NOW AFFECTS YOUR FUTURE

If you have a poor credit history:

- You could lose a great job offer.
- You may have trouble renting an apartment or getting a phone.
- You may be required to pay a higher deposit on your utilities.
- You may be denied a loan for a car or home or be required to pay a higher interest rate.
- You may be denied auto or homeowner's insurance or be charged a higher insurance premium.

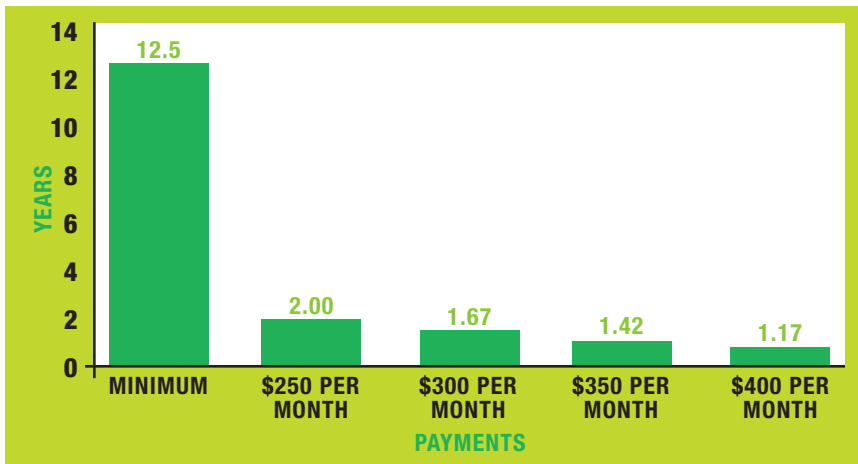
Many businesses use your credit score to judge your credit history. A 100 point difference in your credit score (from 720 to 620) could cost you \$1,634 more in interest on a 36 month, \$20,000 new car loan. If your credit score drops to 500, you'd pay \$2,600 more in interest.

2. CREDIT IS CONVENIENT BUT IT CAN BE EXPENSIVE

Always pay in full or pay more than the minimum balance to reduce the cost of interest.

Assume you owe \$5,000 on a credit card that charges 18% interest on the unpaid balance. The minimum monthly payment is 4% of the money owed (initially a payment of \$200). It will take 12.5 years to repay the \$5,000 if you make only the minimum payment each month.

- By paying \$250 each month, it takes 2 years to pay off debt.
- By paying \$300 each month, it takes 1.67 years to pay off debt.
- By paying \$400 each month, it takes 1.17 years to pay off debt.



Watch out for fees. There are fees for going over your credit limit, paying late, or using your credit card at an ATM.

3. TAKE CHARGE OF YOUR SPENDING

Is your money going where you want it to? The little things can add up. Take for instance the cost of lattes.

\$3.00 (5 times a week)

X

4 years

\$3,120 (that's \$780 each year)

If you are using your credit card for purchases like this or other small items, it will really add up. If you do use it, pay it off. If you pay only the minimum balance, then this \$3,120 will grow with interest, and those lattes will cost you over \$10,000 by the time you pay off the balance.

4. START SAVING NOW!

Consider saving \$100 per month at 5% interest compounded monthly.

START SAVING NOW	BY AGE 65 YOU'LL HAVE
FRESHMAN	\$226,428
SENIOR	\$191,613
AGE 25	\$161,637
AGE 40	\$63,826

5. DON'T GRADUATE WITH MORE DEBT THAN YOU CAN REPAY

- Search out all sources of student financial aid that don't have to be repaid – scholarships, grants, etc. Check every year – you may discover a new resource.
- The average federal student loan debt for undergraduate students is \$18,900. Repaying that debt in 10 years will mean a \$200 monthly loan payment after you graduate.
- What's the starting salary for the job you expect to have after you graduate? Limit your student loan and credit card debt to the amount you can repay on that salary.

6. DON'T BE A VICTIM OF IDENTITY THEFT

- Identity theft happens when someone uses your personal information without your knowledge to commit fraud or other crimes.
- The average victim of identity theft spends \$500 and 30 hours resolving the problems that result. If the identity thief opens new accounts, the costs are more than twice as much.
- If you're a victim of identity theft, visit the Federal Trade Commission's ID Theft homepage at www.consumer.gov/idtheft to learn what to do.