

# AVOID THE DEBT TRAP



How to avoid  
rip-offs, manage  
your debt, and  
make financial  
decisions for  
your future.



# AVOIDING THE DEBT TRAP

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As a college student, you are a prime target for financial institutions that may use confusing, invasive, and sometimes even misleading practices to recruit you to buy their products and make them money through fees and other charges.

As someone who might be new to big financial decisions, you are particularly vulnerable to these methods.

A 2008 Student PIRGs study, for instance, found that 25 percent of students surveyed paid late fees and 15 percent paid “over the limit” fees on their credit and debit cards. Furthermore, bank overdraft fees cost students one billion dollars each year. More students drop out of college due to financial pressures than due to academic issues, and 67 percent state that money matters accounted for a lot or some of their daily stress.

This strain does not disappear after graduation. Prospective employers for positions with financial responsibilities frequently check applicants’ credit reports, placing students who graduate with high debt and low credit scores at a disadvantage. Furthermore, students’ credit histories can also impact their ability to rent an apartment, or qualify and get good rates for auto or home loans and insurance.

*Avoid The Debt Trap* provides you with the tools to avoid misleading and predatory practices by financial institutions and the knowledge you need to protect yourself, empowering students as financial consumers. The following pages will help you understand and manage the basics of personal finance: banks, bank accounts, ATMs, bank fees, credit & debit cards, credit scores, budgeting, debt collection, ID theft, and financial privacy.

► **Our partner in this guide: The FoolProof Foundation.**

FoolProof’s mission is to encourage you to use caution, question sellers, and rely on research before spending money. The videos, interactive “modules” and some other online tools in this booklet were excerpted from FoolProof’s “Solo” program for college students. If you really want to drill down on a specific money topic, work through the entire [Solo program](#).

**FP RESOURCE** ► [FoolProof is going to change your life.](#)

**FP VIDEO** ► [Top 10 Reasons You’re Moving Back Home](#)



# BANKING

*Unless someone else is paying all your bills and supplying you with cash, you will need a bank account. And maintaining a bank account is good for your credit rating (more on credit rating later).*

## PICK THE RIGHT FINANCIAL INSTITUTION FOR YOU

Financial institutions come in three versions: big banks, community banks, and credit unions. Banks are “for profit” companies that normally pay profits to stockholders. Credit unions are financial cooperatives. For simplicity’s sake, we’re going to be referring at times to all financial institutions—including credit unions—as “banks.” Which financial institution you choose depends on what services you will need.

**FP VIDEO ▶** [Banks vs. Credit Unions](#)

For students, by far the most needed services are the ability to get cash, pay bills, and have money transferred into their accounts. Typically the more services you get the more it will cost you. Decide which services are important to you and then use the chart at the end of this booklet to help find the best bank or credit union for you.

**FP ARTICLE ▶** [Choices of financial institutions and their products & services](#)

**FP VIDEO ▶** [Three critical things to remember about your checking account](#)

### MONEY TIPS

> Get cash at the grocery store or many drug stores! Just about any of these stores will give you cash from your debit card free, if you buy something (even a pack of gum). Most stores limit how much you can get. You won’t get more than \$100 and might be limited to \$40 or \$20 at a mini-mart.

> You can always use just about any bank’s ATM machine, but if it is out of your network, you’ll pay \$2-\$5. These fees add up, so don’t get into the habit of using out-of-network ATMs.

## ATMS

You’ll need cash and you’ll want to be able to get it 24/7 without much hassle. That’s what ATMs are for. Many people choose big banks (Bank of America, Wells Fargo) because those banks have lots of free ATMs. But most small banks and virtually all credit unions belong to “shared branch networks” that allow you to use an ATM and generally bank with your hometown bank or credit union from any shared branch. And some of the networks have thousands of branches.

Because there are reasons to prefer credit unions to banks, if having easy access to lots of ATMs is important, check your local credit unions’ ATM policy. A local bank or credit union may give you as much ATM choice as a mega-bank.

## PAYING YOUR BILLS

Everyone used to pay their bills with checks that they mailed to the company billing them. Now, most students pay their bills online. (Checks are handy if you’re sharing expenses with roommates—rather than having to pay them cash you can write them a check. There are also a number of money transfer apps that allow you to transfer money to other people. Google “money transfer apps.”) Either way you’ll need a bank account from which the money will come to pay the bills.

### FP VIDEO ► [The importance of paying on time](#)

With some banks you have to pay a monthly fee to have such an account. Often this fee is waived if you keep a minimum amount of money in the account at all times (that's what "minimum balance" means). Many small banks and credit unions provide these accounts for free with no minimum balance.

If you have a job, most banks will give you a free account if you have your paycheck deposited directly into your bank account (that's what "direct deposit" is). Most employers have the ability to directly deposit paychecks in employees' bank accounts.

Unless someone else is paying all your bills and supplying you with cash, you will need a bank account. And maintaining a bank account is good for your credit rating (more on credit rating later).

Many banks and credit unions provide free checking if you have a savings account at that bank. But since interest rates are so low you might as well just have all the money in your checking account. (Savings account rates are around 0.05%. That means if you have \$10,000 in a savings account you will get just \$5 per year in interest!)

Some banks have free checking for students. Be sure to ask.

## TRANSFERRING MONEY

Banks will transfer money from one account in that bank to another in that bank for free and will charge about \$25 to transfer money to another bank's account. If you're planning to have money transferred into your account regularly, you probably want to get an account at the same bank as the bank from which the money will come.

If you're not in a hurry, though, someone sending you money can send you a check that you can deposit, free of charge, at any bank or credit union. (Note that when you make a deposit a bank can wait before it allows you to use that money, to make sure the deposit is valid.)

If you're going to have money transferred into your account, make sure you find out how much that will cost at each bank you are considering.

### FP VIDEO ► [Checks & Money Transfers](#)

## BANK FEES

Banks used to make their money by loaning money to people. Now they make a huge portion of their money on fees, and a lot of those fees count on your not managing your money well. You might think you'll avoid these fees—banks are counting on your optimism. See the section on the next page about maintaining your bank account to learn how to reduce or avoid fees.

## STUDENT LOANS

If you've got a student loan, you might be entitled to discounts at the bank that is holding your student loan. Contact the bank holding your loan and ask them if they have special rates for borrowers.

### FP VIDEO ► [Budgeting for college](#)

## INTERNET BANKS

There are banks like Ally and Connexus Credit Union (Google "Internet Banks") that have no brick-and-mortar offices that boast lower fees. Be sure to check these out if you are comfortable banking on the Internet and not ever dealing face-to-face with a person. Many Internet banks give you free ATM usage on various ATM networks. Make sure the Internet bank you're considering has a free ATM policy, and that there are sufficient ATMs near you.

## MOBILE BANKS

Specialized for access on smartphones, many mobile banks such as GoBank, Simple and Moven charge fewer fees and have no minimum balance requirements. Some may also offer free use of the ATMs of other banks to allow access to your cash. They can take longer than other types of banks, however, to process deposited checks. Check on the specific services offered by a mobile bank you are considering on their website.

## RESOURCES TO COMPARE BANKS AND CREDIT UNIONS

There are several online sites where you can compare banks (bankrate.com, moneyrates.com, findabetterbank.com). To get information about credit unions go to [ncua.gov](http://ncua.gov) (National Credit Union Association) or [findacreditunion.com](http://findacreditunion.com). Alternatively, you can just call around or check the websites of your local banks and credit unions.

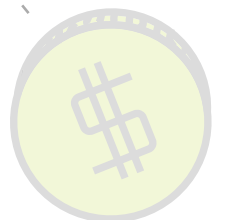
**FP VIDEO ►** [Banks vs. Credit Unions](#)

## BIG BANKS VS. LOCAL BANKS VS. CREDIT UNIONS

Local banks and credit unions are more likely to have free or lower-minimum bank accounts and lower fees than the big banks.

Credit unions provide all the services most people want from a bank: checking and savings accounts, credit cards, loans and mortgages, money market accounts, and certificates of deposit (CDs). Average interest rates for loans are lower at credit unions than banks, and average rates for deposits are higher. Credit union deposits are insured just like banks'.

Because virtually all credit unions belong to "shared branch networks," you normally have access to thousands of ATMs and branches.



## PICK THE RIGHT BANK ACCOUNT FOR YOU

You'll need a "checking" account to pay your bills. All banks and credit unions have several levels to choose from. For a high monthly fee or a high minimum balance you will get more services (the account will pay interest, or have more no-cost transactions). Will you use the free services that come along with the more expensive account? Or would it be cheaper to pay for those services when you use them?

Don't just choose the interest-bearing checking account. Interest rates are so low that it may not be worth getting interest at all.

Combine bank accounts. If you have more than one type of bank account/product (checking, savings, CD, investment account), ask at the bank if the amounts can be combined and counted toward your required minimum balance.

Google "compare bank accounts" to get comparisons of different banks' fees and services.

**FP ARTICLE** ► [Banking & You!](#)

## MAINTAIN YOUR BANK ACCOUNT

Once you've got a bank account, ideally you would minimize the amount you spend maintaining that account. Here are some ways to keep those fees down:

- *Don't overdraw your account.* Insufficient funds fees (levied when the bank rejects a check or charge that your account does not have sufficient funds to cover) and overdraft protection (a fee charged by a bank to cover a charge that your account does not have sufficient funds to cover) happen to a lot of people, and cost a lot of money. A recent study by the federal Consumer Financial Protection Bureau found that more than one in five account holders in banks it examined experienced at least one overdraft in 2011. The average overdraft and insufficient funds fees paid by consumers was \$225!
- *If you are writing checks or using a debit card, don't spend more than you have in the account.* All the mathematical ability you need to do this is the ability to add and subtract. Your bank will give you a checkbook and an account register onto which you record your deposits and withdrawals. It looks something like this:

### TRACKING YOUR BALANCE

Number or Code	Date	Transaction Description	Payment Amount	✓	Deposit Amount	Balance
312	4/11	Macy's running shoes	54.16			<u>2327.49</u> 54.16
Debit	4/12	Starbucks	2.80			<u>2273.33</u> 2.80
Deposit	4/15	Frank's rent share			300.00	<u>2270.53</u> +300.00
						<u>2570.53</u>



Got a smart phone? Download an app to help you keep track of your balance and spot problems. Search for "Personal Finance App," or check out [Mint.com](#).

If you write a check or use your debit card, enter the check number or note the debit, the date, who you made it out to and what for, and the amount. Subtract the amount from the “Balance” and that’s how much you’ve got in your account. Enter deposits in the “Deposit” column.

If that’s too much trouble, you have two choices.

One, you can obtain “overdraft protection” (the banks must give you the option of taking overdraft protection or not) which means that whenever you overdraw your account (even if you only overdraw the account by a few dollars) the bank will charge you \$20-\$40 for each overdraft.

Two, you can decline overdraft protection. If you don’t have overdraft protection and you use your debit card when there isn’t money in the account, the card will be declined and you will not be able to use it until there is more money in the account.

Too many overdrafts can hurt your credit score.

Many banks and credit unions have much cheaper overdraft protection systems:

- 1) You can have a savings account from which money will be taken to cover an overdraft;
- 2) You can link your checking account to your credit card so if there is an overdraft it will be treated like you bought something with your credit card, which you can pay back at the end of the month;
- 3) You can get an automatic loan from the bank at moderate interest rates, and pay it back within a few weeks. A loan of \$50 for five weeks at 20% interest will only cost you about a dollar!



## BASIC TIPS TO MAINTAIN YOUR BANK ACCOUNT

1. **CHECK YOUR BALANCE DAILY.** If you aren’t logging your deposits and withdrawals into your register, go on line every day and check your balance. Keep in mind that if you’ve written checks that haven’t been cashed yet, they won’t show up. Free software available online can also link to your accounts and help you track your balance and spending.’

2. **CHECK YOUR MONTHLY STATEMENT.** Each month you will get a statement from the bank showing money out and money in. Banks almost always get these right, but sometimes they make mistakes that can cost you. And besides, it’s a good exercise to make sure you are accurately recording your income and expenses. Make sure you and the bank agree on how much money is in your account. Don’t let these statements sit around before you check them—you have a limited time to contest an error.

3. **PLAN YOUR WITHDRAWALS.** If you are paying for ATM usages, take out larger amounts less frequently. If you are paying for funds transfers, have larger amounts transferred less frequently.

4. **ELECTRONIC STATEMENTS.** Some banks charge lower fees if they can send you your statement electronically instead of mailing you a paper statement. Ask about this service.

5. **SIGN UP FOR ALERTS.** Some banks will send a text message to your phone or an email to tell you what your available balance is or when your balance drops below a limit you set. That way you can avoid bounced checks or debit card overdrafts. You can also set up alerts on your credit card to tell you when your payment is due or if you are close to your credit limit.

6. **ASK HOW TO AVOID FEES.** Talk to a bank employee about how you can lower your fees—online bill paying, direct deposit of paychecks, savings accounts, and using your debit card are just some of the possibilities.

### CHECK OUT THESE GREAT ONLINE RESOURCES

- **FP** [Managing money online](#)
- **FP** [Interactive check writing](#)
- **FP** [Interactive account balancing](#)
- **FP** [Overdraft Protection Details](#)
- **U.S. PIRG** [Beat High Bank Fees](#)



# CREDIT CARDS AND DEBIT CARDS

**FP ARTICLE ►** [Debit Cards vs. Credit Cards](#)

**FP ARTICLE ►** [Watch out for the credit card sucker punch!](#)

A **“credit” card** allows you to spend money you don’t have and requires you to pay it back at the end of the month. If you can’t pay it back you will be charged interest (usually at double-digit rates) until you pay it back.

A **“debit” card** is linked to a bank account and only allows you to spend the money that is in the account (unless you have “overdraft protection” in which case the bank will cover certain overcharges and charge you \$20-\$40 each time it does so).

A **“pre-paid” debit card** is the same as a debit card except instead of your having a bank account where the money is drawn from, you have to put money on the card.

Credit cards have “credit limits,” an amount determined by your credit history. You will not be able to get more credit than your credit limit. For example, if your credit limit is \$800, once you have charged \$800 on the card you cannot charge any more until you have reduced the balance. Frequently you will be charged a fee if your purchase is allowed and exceeds your credit limit (credit card companies are happy to let you exceed your credit limit by a little if they can charge you a fee). Going over your credit limit can hurt your credit score.

Debit cards are limited by the amount in your account. You can never charge more on a debit card than you have in the account linked to the card.

Usually your debit card, checks, and your ATM are linked to the same account. All three draw down the account, and once there is no money in the account (unless you have opted for overdraft protection), you cannot use your debit card, write a check, or use an ATM.

There are tons of deals that come with credit card offers—airline miles, rebates, points, introductory rates. Typically the more free stuff, the higher the interest rate and the fees (annual or monthly fees just for having the card, fees for late payments, fees for inactivity). Make sure you know what all the fees are that come with your card. Use the chart attached

and go to [bankrate.com](http://bankrate.com) or [creditcards.com](http://creditcards.com) to comparison shop for credit and debit cards.

Credit cards can also be used to get cash. A hefty fee is charged for getting cash with your credit card, which is why banks love to tell you all about how easy it is to do. Avoid getting your cash this way.

Pre-paid debit cards can have fees also—per-swipe fees (a fee every time you use the card), inactivity fees, overdraft fees, fees if you use the card at an ATM, and fees to add money to the card. Whoever issues you the pre-paid debit card can provide you with information about the fees associated with the card.

The big risk credit cards pose for students is that they make spending money way too easy. When all you have to do is swipe a card you might not realize how much you are spending (and studies even show that people spend more money when paying with credit cards than with cash!) Everyone thinks when they get a credit card they will be able to control their spending, and then they discover how quickly a lot of \$5 charges can add up to serious debt.

## WHAT IS APR? WHAT IS INTEREST?

“Interest” is money you have to pay to borrow money. APR, Annual Percentage Rate, is the term used to describe the rate of interest. A typical credit card interest rate is 16%. That means that if you use your credit card to charge a \$100 item, you will have to pay \$16 (16% of \$100) every year, or about \$1.33 per month, until you pay the credit card company the \$100.

\$1.33 isn’t much, but most people with credit card debt have several thousand in charges which translates to hundreds of dollars per year in interest payments. Paying your entire credit card bill by the due date avoids all interest charges.

**FP ARTICLE ►** [Understanding grace periods](#)



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**FP ARTICLE** ► [Safely navigating credit card land](#)

**FP VIDEO** ► [Learning credit cards, the pro's & con's](#)

**FP ARTICLE** ► [Different types of credit cards](#)



## CREDIT CARD PROBLEMS?

Go to the website of the Consumer Financial Protection Bureau ([consumerfinance.gov](https://consumerfinance.gov)). This agency protects consumers from unfair financial products and services.



## ADDITIONAL RESOURCES

**FP VIDEO** ► [How much money can I borrow on my credit card?](#)

**FP ARTICLE** ► [Understanding APR](#)

**US PIRG RESOURCE** ► [The Campus Debit Card Trap](#)

# MAINTAINING A GOOD CREDIT SCORE

As soon as you apply for credit (take out a loan, apply for a credit card), a “credit report” for you will be generated. In addition to identifying information, your credit report includes information about your credit cards, loans (like car loans), mortgages (a “mortgage” is a loan to buy a house), bankruptcies, and lawsuits.

Your “credit score” or “credit rating” is a summary of your credit report, and is the statistical likelihood that you will repay a debt. It is calculated according to a number of factors including how diligently you have paid your bills in the past, how much money you have owed, how long you have been paying bills, how much credit you are carrying, and what kinds of credit you use. (For more on credit scores go to [myfico.com](http://myfico.com).)

## FP VIDEO ► [Checked your credit report lately?](#)

The better your credit score is the more likely it is you will be able to get a loan (to buy a house, to buy a car, to finance a business) and the lower the interest rate of that loan. And even though it may not seem that one’s credit score is related to one’s employability or one’s performance as a renter, employers and landlords are using credit scores to decide whether to give someone a job or rent them an apartment—all the more reason to maintain a good credit score.

While one can improve one’s credit score and “fix” a low score, it’s much better to build and maintain a good score than try to raise a poor one. The most important thing you can do to build a good credit score is to borrow money and pay it back on time. That is what you are doing when you use a credit card and pay your bill.

## WHAT IS A GOOD CREDIT SCORE?

720+	Excellent (easy to get loans at lowest rates)
680-719	Good (able to get loans, rates slightly higher)
620-679	Average (lowest score for good mortgage rates)
580-619	Poor (higher interest rates, lowest score for auto loan)
500-579	Bad (very high interest rates for all loans, if you can get them at all)
< 500	Miserable (very difficult to get any type of credit)

### Problems with your credit report?

Go to the website of the Consumer Financial Protection Bureau ([consumerfinance.gov](http://consumerfinance.gov)). This agency protects consumers from unfair financial products and services.

## FP VIDEO ► [Understanding risk-based lending](#)

## BUILDING GOOD CREDIT

- Get a credit card (“debit” cards don’t build credit)
- Always pay your bills on time
- Don’t owe more than 30% of your credit limit (and never exceed your credit limit)
- Don’t apply for lots of credit cards in a short period of time (credit card companies will entice you with free stuff if you get one of their cards—be selective)
- Check your credit report for errors. Get a free copy of your credit report at [www.annualcreditreport.com](http://www.annualcreditreport.com). If you find an error, use the error report form that comes with the credit report. (But watch out for offers from “monitoring” services who will charge you a lot to do what you can do yourself.)
- For more tips go to [myfico.com](http://myfico.com) or [consumerfinance.gov](http://consumerfinance.gov)

## FP ARTICLE ► [You are your credit score](#)

## FP VIDEO ► [Learning credit & your life](#)

# BUDGETING

While living on your own, it is critically important not to spend more money than you can afford as you have no backstop. The purpose of creating a “budget” is to figure out how much you can afford to spend on non-necessities. Creating a budget is easy.

Add up all of your expenses that you feel you cannot avoid: rent, cellphone, Internet access, food, etc. Subtract this total from your income (whatever your parents give you plus what your total paychecks are for a month plus any scholarship or loan income). Whatever is left is all you’ve got to spend on everything else, using your credit card or debit card or what you take out of an ATM.

Use the attached worksheet to help you figure out what your monthly budget is. Once you’ve figured out how much you can afford to spend each month, divide that by 4 to get your weekly amount. Keep track of your credit and debit purchases, and your ATM withdrawals to make sure you’re staying within your budget. Or Google “How to make a budget” or “budget apps” for lots of online tools.

If you don’t want to budget, consider living on a “cash basis.” Start with the amount of income you will have for the month. At the beginning of each week take out 1/4 of that amount in cash. Make it last until the end of the week.

**FP VIDEO ▶** [Top 10 Reasons You’re Moving Back Home](#)

**FP ARTICLE ▶** [Weird but true budgeting tips](#)

**FP VIDEO ▶** [How businesses make you buy on impulse](#)

**FP ARTICLE ▶** [Burning Money!](#)

## SAVING MONEY IS CRITICAL TO SMART BUDGETING

While saving money in college can be difficult, saving even a small amount each month builds a habit that is the core of financial capability. Even saving \$10 a month over six months can create a cushion for small expenses.

Money builds up over time without your monthly management. The best savings strategy is to commit to save a set amount each month, have a goal, and make it automatic. No need to remember to do something every month—having money automatically moved from checking to savings, for example. Money builds up over time without your monthly management.

**FP ARTICLE ▶** [Turn \\$6 into a million](#)

**FP ARTICLE ▶** [Me? A Millionaire?](#)

A savings mindset—researching best prices, buying on sale and with coupons, eating out only at special times, getting gas on certain days—will make you a smart consumer and help you cover unexpected expenses like car repairs or high utility bills. This will also help you avoid growing your debt.

To support your saving efforts we encourage you to join America Saves at [americasaves.org](http://americasaves.org). This national movement has thousands of nonprofit, educational, government, financial institution and employer organizations that reach over 30 million people every year with support and resources to effectively save their money, regardless of how much or how small. America Saves will provide you with reminders of your savings goal, encouragement to keep saving, tips, tools, strategies and resources to support you in your saving efforts.

## WHAT ABOUT PAYDAY LENDING?

For people who can’t get a credit card, “payday lenders” are in just about every mini-mall. These people will lend you a few hundred dollars at meteoric interest rates, hundreds of percent! Many people who use payday lenders end up paying several times what they borrowed, in interest. Only use payday lenders as a last resort.

## WHAT ABOUT PAWNSHOPS?

A pawnshop will lend you money if you give them an item worth more than the amount of the loan. If you bring the money back (plus interest and fees) within a certain amount of time (3 months or so, depending on the state) you can buy back the item. After that time the pawnshop can sell your item. If you don’t want the item back, you’re probably better off trying to sell it on the Internet.

**FP VIDEO ▶** [Check cashing services](#)

# DEBT COLLECTION

Hopefully you'll never get a call from a debt collector. But if you're behind on your bills, you may get such a call.

Some debt collectors are hired by the company to whom you owe the money. Some debt collectors buy the debt from the company you owe the money to, and then have the right to collect it from you. In either case, you are best off dealing with these people and not just ignoring them. If you ignore them they may sue you and if they win they can take money from your bank account and take money out of your paycheck.

Virtually all debt collectors will be willing to postpone the collection of the debt if you set up a payment plan. Alternatively they will take a reduced amount if you can pay it all at once. Failing to pay a debt does significant damage to your credit score. Working it out with the debt collector is a much better strategy.

There are lots of laws, federal and state, to protect consumers from debt collectors. Check out the website of the Consumer Financial Protection Bureau ([consumerfinance.gov](http://consumerfinance.gov)) or Google "debt collection laws" to find both federal laws and laws in your state.

**FP ARTICLE ► [In Money Trouble?](#)**

**FP ARTICLE ► [Feeling Stressed About Money?](#)**

**US PIRG RESOURCE ► [Graduating Into Debt](#)**

# FINANCIAL PRIVACY

Banks and other financial institutions may use information about you to try and sell you additional products and services. They can sell your information to other businesses who will target you for advertising.

You can stop them from giving your info to everyone, but you can't stop them from using it themselves to try and sell you more stuff. The law requires them to ask you how restrictive they must be with your information. If you don't want to be deluged, make sure you fill out the form for the most restrictive use of your information.

**FP VIDEO ► [5 Years-Old and in Debt](#)**

**FP ARTICLE ► [Identity Theft](#)**

## WHAT ABOUT IDENTITY THEFT?

ID theft is when someone uses your identity and financial information to open accounts or make charges in your name. They might open a new credit card or telephone account or run up a huge number of charges, and you'll get the bill.

You do not have to pay when your identity is stolen, but it is a major hassle to get it cleared up, and all the while it is damaging your credit rating.

## TO REDUCE THE LIKELIHOOD THAT YOUR IDENTITY WILL BE STOLEN:

- Do not give out personal information (birthdate, Social Security number, passwords) unless you are sure of whom you are giving it to.
- Do not put personal information in the trash—cut up or shred bank statements, credit card offers, receipts—anything with personal information on it.
- Get a free credit report from each of the three credit bureaus at least once a year ([annualcreditreport.com](http://annualcreditreport.com))—it will tell you what credit cards and loans are in your name.
- Photocopy all of your credit and debit cards so if they are lost or stolen you can report it immediately.
- Make your passwords and PIN codes difficult to guess. Don't use a name or birthday or number associated with you. (An easy way to do this is substitute numbers and use capitals in a word that is personal to you. Instead of using your dog Rover's name, make it Rov3R.)
- Don't let anyone see you enter your password at an ATM.
- From an ID theft perspective, credit cards are safer than debit cards. With a debit card the thief takes the money out of your bank account (you will eventually get it back) but with a credit card you haven't lost any money.



# WANT MORE INFO?

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Money and credit are ruling your life right now. Relate to any of these realities?

- Short on cash. Constantly.
- Ambitious, and determined to make something of your life.
- Need to manage all your expenses entirely on your own.
- Have more credit card debt than you can handle.
- Looking for a job or a better job.

If you can relate, you'll probably find FoolProof Solo very valuable. Solo is an interactive, online financial tutorial developed by our partner in this booklet, The FoolProof Foundation.

**FP RESOURCE ►** [Check out Solo.](#)



## RESOURCE: BEFORE YOU SIGN UP, COMPARE!

### PICKING A BANK

Bank/Credit Union name				
URL and phone number				
Monthly checking account charge (if minimum balance required for free checking, how much?)				
Free checking for students?				
Fee for overdraft protection?				
Debit card overdraft fee				
ATM rules: Cost to use other ATMs? Limits on the number of free ATM usages?				
How many free ATMs are there in town?				
Cost to transfer money into your account				
Bounced check fee / overdrawn debit account fee				
Fees to do online bill paying?				
Fee to close account? How much?				
Online bill pay available?				
Smartphone depositing of checks?				

### PICKING A CREDIT OR DEBIT CARD

Card name				
Bank issuing card				
Annual fee? Amount?				
Amount of overdraft fee				
Interest rate on unpaid balance (APR).				
Late payment fee				
Inactivity fee?				
Per-swipe fee?				
Fee to add money to the card?				

## BUDGETING MADE EASY!

FIXED EXPENSES	COST PER MONTH
Rent	
Cell phone	
Internet service	
Food	
Car insurance	
Cable TV	
Per-swipe fee?	
Fee to add money to the card?	
<b>TOTAL MONTHLY EXPENSE</b>	

INCOME SOURCE	AMOUNT RECEIVED PER MONTH
Money from parents	
Job paychecks	
Scholarship	
Loan income	
<b>TOTAL MONTHLY INCOME</b>	

Total amount available for discretionary spending =  
**TOTAL MONTHLY INCOME - TOTAL MONTHLY EXPENSES**

