

MAT 1033C -- LifeMap Assignment

Amy Montague-Kincade

Assignment Outline:

1. Complete the Pre-Test.
2. To complete this course, you will need to gather the following information (which will be kept confidential):
 - a) Financial information to use to create a budget for yourself (a sample budget worksheet is provided)
 - b) Your V number from Valencia
 - c) Access Code: VCCLM
 - d) A summary of your career and educational goals including potential salary ranges as you enter the workforce.
3. Complete the “Financial Literacy 101” Course
4. Complete the Financial Literacy Worksheet while you are taking the course.
5. Print off your Completion Certificate
6. Complete the Post-Test
7. Fill out the End of Project Survey

Assignment Description:

1. Log into Atlas
2. Click on My LifeMap
3. Scroll Down and Select My Financial Planner
4. You will need to sign up as new student.
5. Please follow the instructions on the page. Enter VCCLM as your Access Code.
6. Complete the “Financial Literacy 101” Course.
This course involves watching videos, filling out worksheets, and answering questions about the material presented.
7. Fill out the Financial Literacy Worksheet provided as you are taking the course.
8. Print a copy of the Certificate of Completion.
9. The estimated completion time for this course is 90 minutes.

Assignment Grading Outline:

This assignment will be worth a total of 100 points (one test grade).

| | |
|----------------------------------|-----------|
| Pre-Test | 20 points |
| Financial Literacy Worksheet | 30 points |
| Certificate of Course Completion | 20 points |
| Post-Test | 20 points |
| Survey | 10 points |

Attachments

1. Financial Literacy 101 Budgeting Exercise Worksheet Copy (2 pages)
2. Pre-Test (2 pages)
3. Financial Literacy Worksheet (4 pages)
4. Post-Test (2 pages)
5. Survey Form (2 pages)
6. Financial Literacy 101 Fact Sheets (5 pages)
7. Copy of a Completion Certificate (1 page)

FINANCIAL LITERACY 101

[Amy's Money](#) | [Courses](#) | [Explore](#)

Budgeting Exercise

Your budget is not what you *do* spend - it's what you *plan* to spend. Once you have developed a sensible budget, compare it with your actual spending with our "Budget to Actuals" calculator.

[Print this Page](#)

Income

| | | |
|-----------------|--------------------------------------|---|
| Employment | \$ <input type="text" value="0.00"/> | Enter your "take home" pay - the amount you earn <i>after</i> paying taxes. |
| Education Loans | \$ <input type="text" value="0.00"/> | Be sure to average the amount you receive by the number of months you are in school (less tuition and fees, of course). |
| Scholarships | \$ <input type="text" value="0.00"/> | Be sure to average the amount you receive by the number of months you are in school (less tuition and fees, of course). |
| Savings | \$ <input type="text" value="0.00"/> | Enter the amount you will withdraw each month from savings. |
| Other Income | \$ <input type="text" value="0.00"/> | If you receive help from your parents, investments, or other sources enter it here. |
| Totals | \$ 0.00 | |

Expenses

| | | |
|--------------------|--------------------------------------|---|
| Housing | \$ <input type="text" value="0.00"/> | Rent/mortgage payments, insurance, maintenance and repairs. If you pay housing once per semester (for example, dorm fees when paying tuition) you may want to exclude that from this monthly cash flow budget or average the expense over the appropriate number of months. |
| Transportation | \$ <input type="text" value="0.00"/> | Include loan/lease payments, fuel, insurance, service/repairs, parking, and/or public transportation expenses. |
| Communication | \$ <input type="text" value="0.00"/> | Include home telephone, cell phone and internet access. If you bundle services, you can just enter the one charge here. |
| Debt Payments | \$ <input type="text" value="0.00"/> | Credit cards, bank credit lines, student loans - any loan payments not including home and car. |
| Groceries | \$ <input type="text" value="0.00"/> | Anything purchased at a grocery store, except personal care items and alcohol/tobacco (see below). Tip - "Ready to eat" prepared foods are not only expensive, but they are not as healthy as bulk ingredients that you make into a finished meal. |
| Restaurant Food | \$ <input type="text" value="0.00"/> | Include sit-down meals, nights on the town, and even snacks at a convenience store - any food <i>not</i> prepared at home from groceries. |
| Entertainment | \$ <input type="text" value="0.00"/> | Movies, hobbies, recreation, and related expenses dedicated to fun. |
| Utilities | \$ <input type="text" value="0.00"/> | Include electric, gas, heating oil and any municipal services such as water. |
| Clothes | \$ <input type="text" value="0.00"/> | Rather than buying new clothes at the beginning of each season, a monthly budget helps you control spending (and take advantage of off-season pricing). |
| Books and Supplies | \$ <input type="text" value="0.00"/> | Include any school-related expense not included in your tuition and fees. |
| Insurance | \$ <input type="text" value="0.00"/> | Include policies <i>not</i> covered under the home, auto, and health sections. Examples would be life insurance, umbrella policies, and disability insurance. |
| Child Care | \$ <input type="text" value="0.00"/> | If you have kids, your monthly bill for child care. You may also add other child-related expenses in this category. |
| Medicine | \$ <input type="text" value="0.00"/> | Prescription medicine and/or co-pays. Include aspirin, cold medicine, and similar items under personal care. |
| Personal Care | \$ <input type="text" value="0.00"/> | Salon / barber expenses, toiletries, and laundry. |
| Alcohol or Tobacco | \$ <input type="text" value="0.00"/> | Neither of these items is a true necessity, and you may be surprised at how these expenses can add up. |

Did You Know?

The only information about you that we share with your school is limited to contact information, course completion codes, and grades. No personal survey or exercise answer is ever shared with anyone.

For more details, please read our [Privacy Policy](#).

Savings and Charity \$

Goals, emergency funds, retirement accounts, and charitable contributions.

Anything Else \$

If you spend money on a monthly basis for anything not listed above, enter it here.

Totals \$ **0.00**

Please allow a few seconds for the calc to process your data.

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MAT 1033C – LifeMap Assignment
Pre-Test (20 points)

| Questions | Answers |
|--|---|
| 1. Do you consider yourself “financially literate”? | Yes No |
| 2. Which of the following LifeMap tools have you used? | a) My Education Plan b) My Portfolio c) My Career Planner d) My Job Prospects e) My Financial Planner |
| 3. Do you know how a minimum monthly credit card payment is calculated? | Yes No |
| 4. What is your career goal? What salary do you expect to earn when get your first full time job? | |
| 5. What is the goal of a budget? | |
| 6. Working more than ___ hours per week is likely to cause your academic performance to suffer. | |
| 7. Student who work ____ hours per week actually have better academic performance than those not working at all. | |
| 8. Name one of the three major credit reporting companies. | |
| 9. Name any item included on your credit report. | |
| 10. Do you know the formula to compute simple interest? If you do, please write it. | |

MAT 1033C – LifeMap Assignment
Pre-Test (20 points)

| | |
|--|-------------|
| 11. Do you know the formula to compute compound interest? If you do, please write it. | |
| 12. How long will a payment late more than 30 days negatively affect your credit score? | |
| 13. 1 in 3 college students graduate with at least _____ dollars in debt. | |
| 14. What is the name of the government sponsored website where you can obtain a free credit report? | |
| 15. Do you know what your credit score is? | Yes No |
| 16. Do you know the interest rates on your credit cards? | Yes No |
| 17. Is it possible to be denied a job based on a credit report? | Yes No |
| 18. When is it better to use your credit card rather than your debit card? | |
| 19. Do you feel relatively safe from identity theft? | Yes No |
| 20. How many years will it take to repay \$2000 borrowed at 19% interest if you only make the minimum payment? Please guess if you don't know. | |

***MAT 1033C – LifeMap Assignment
Financial Literacy Worksheet (30 points)***

| Questions | Answers |
|--|----------------|
| 1. How much will buying a latte from Starbucks cost you over the next four years? | |
| 2. List at least three expenses that commonly occur when planning a budget. | 1. 2. 3. |
| 3. List three things to consider when choosing a bank. | 1. 2. 3. |
| 4. Is the best bank always a bank? Explain. | |
| 5. If your credit card is stolen, approximately how much of the unauthorized charges will you have to repay? | |

MAT 1033C – LifeMap Assignment
Financial Literacy Worksheet (30 points)

| | |
|--|---|
| <p>6. List five things a thief may do with your stolen personal information.</p> | <p>1.</p> <p>2.</p> <p>3.</p> <p>4.</p> <p>5.</p> |
| <p>7. Name all three of the major credit reporting companies.</p> | <p>1.</p> <p>2.</p> <p>3.</p> |
| <p>8. What does FICA stand for?</p> | |
| <p>9. What is the most important thing you can do to maintain a good credit score?</p> | |
| <p>10. Let's say that you borrowed \$2000 at 19% interest. If you only make the minimum payment, how much money will you actually repay?</p> | |
| <p>11. According to "Financial Literacy 101", what is the maximum number of credit cards they suggest having at one time?</p> | |

MAT 1033C – LifeMap Assignment
Financial Literacy Worksheet (30 points)

| | |
|--|--|
| <p>12. If invest \$2000 at 3% simple interest 10 years, how much interest will you have earned at the end of the 10 years?</p> | |
| <p>13. If you borrow \$25000 at 8% simple interest for 5 years, how much money will be required to repay?</p> | |
| <p>14. If you invest \$2000 at 10% APR compounded quarterly for 20 years, how much money will be in your account at the end of the 20 years?</p> | |
| <p>15. If you invest \$5000 at 8% APR compounded monthly for 30 years, how much interest will you have earned at the end of the 30 years?</p> | |

***MAT 1033C – LifeMap Assignment
Financial Literacy Worksheet (30 points)***

***MAT 1033C – LifeMap Assignment
Post-Test (20 points)***

| Questions | Answers |
|--|---|
| 1. Do you consider yourself “financially literate”? | Yes No |
| 2. Which of the following LifeMap tools have you used? | a) My Education Plan b) My Portfolio c) My Career Planner d) My Job Prospects e) My Financial Planner |
| 3. Do you know how a minimum monthly credit card payment is calculated? | Yes No |
| 4. What is your career goal? What salary do you expect to earn when get your first full time job? | |
| 5. What is the goal of a budget? | |
| 6. Working more than ___ hours per week is likely to cause your academic performance to suffer. | |
| 7. Student who work ____ hours per week actually have better academic performance than those not working at all. | |
| 8. Name one of the three major credit reporting companies. | |
| 9. Name any item included on your credit report. | |
| 10. Do you know the formula to compute simple interest? If you do, please write it. | |

***MAT 1033C – LifeMap Assignment
Post-Test (20 points)***

| | |
|--|-------------|
| 11. Do you know the formula to compute compound interest? If you do, please write it. | |
| 12. How long will a payment late more than 30 days negatively affect your credit score? | |
| 13. 1 in 3 college students graduate with at least _____ dollars in debt. | |
| 14. What is the name of the government sponsored website where you can obtain a free credit report? | |
| 15. Do you know what your credit score is? | Yes No |
| 16. Do you know the interest rates on your credit cards? | Yes No |
| 17. Is it possible to be denied a job based on a credit report? | Yes No |
| 18. When is it better to use your credit card rather than your debit card? | |
| 19. Do you feel relatively safe from identity theft? | Yes No |
| 20. How many years will it take to repay \$2000 borrowed at 19% interest if you only make the minimum payment? Please guess if you don't know. | |

***MAT 1033C – LifeMap Assignment
End of Project Survey (10 points)***

1. Before completing this project, had you ever used any of the LifeMap tools?
2. Will you use any of the LifeMap tools in the future? If so, which ones?
3. Have you re-evaluated any of your career goals based on the information you learned during this assignment? Please explain.
4. Have you re-evaluated any of your financial goals based on the information you learned during this assignment? Please explain.
5. Did you find this assignment engaging and helpful? If so, what parts were the most helpful and why?

6. Were there any parts of this assignment that you did not find useful? If so, which parts and why?

7. Are there any additional topics that you would like to see covered in this assignment?

8. What suggestions would you offer to improve the overall quality of this project?

9. Would you recommend this assignment to others? Why or why not?

FINANCIAL LITERACY 101

Fact Sheet: Your Spending Decisions

Financial Health for Students

If you've ever tried to get in shape, you know that there's no magic formula for exercising and eating right. You simply need the discipline to put your knowledge to work in the real world, even when it would be so easy to skip a trip to the gym.

Becoming financially healthy is not so different – there are just a few rules to follow, but mastering your own behavior, especially your daily spending decisions, can be the greatest challenge.

Being financially healthy means being fully aware of the consequences of your spending decisions, and choosing the decisions that are right for you. For most people, this means minimizing debt, especially credit card debt, while planning for the future.

Financial Decisions & Consequences

Getting in good financial shape can be a challenge, and not just for college students – Americans are going deeper and deeper into debt every year. In fact, the credit card debt of the average family has doubled in the last few years alone.

Unplanned debt can happen for a variety of reasons, from unexpected medical bills to the loss of a job. But a major source of debt is lack of planning - most people make uninformed and potentially wasteful spending decisions all the time. For example, buying an extra latte from Starbucks each day will cost over \$5,100 over four years!

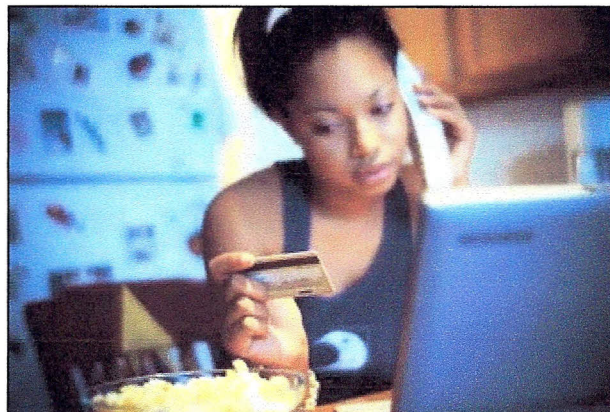
When you consider the average credit card debt of recent grads is around \$4,000, it's not hard to see how small decisions can contribute to a big problem!

The first step towards financial health is creating a budget you can live with.

What is a Budget?

A budget is a spending and savings plan based on your expenses and income. Expenses are anything you spend money on – from tuition to food. Your income may come not only from jobs, but from educational loans, help from your parents, or any other source.

For most people, the goal of making a budget is to avoid debt by minimizing expenses. Since students often cannot avoid college debt, an alternate goal should be to minimize unplanned debt. By tracking your spending over a week or two, you'll get a good idea of what you're spending money on. You may find that some of your "expenses" are really luxuries that could be avoided with little difference to your lifestyle. By reducing unnecessary spending, you'll be in a better position to minimize your college debt.



Making Your Budget

Making a budget is easy - the goal is to have your income exceed your expenses.

- **Step 1** - Figure out approximately how much money you'll have over the next year. Estimate your income from student loans, scholarships, a part-time job, summer earnings, help you may receive from your parents, and your current savings. Once you have a figure, divide it by twelve to get your monthly income.
- **Step 2** - Determine expenses. Include tuition, food, lodging, phone bills, books and supplies, laundry, and transportation. Don't forget other expenses such as clothes, haircuts, entertainment, snacks, and anything else.
- **Step 3** - Subtract your expenses from your income. The figure you calculate is your cash flow – that is, the overall balance of your expenses and income.

If you have a negative cash flow, that means you are losing money. Consider reducing your expenses or earning additional income. If earning more is not possible, your expenses should be minimized so that they are as close as possible to your income.

If you have a positive cash flow, consider how best to save that money or how to reduce your dependence on educational loans. Many students automatically accept all the loan aid they qualify for. If you can get by on less, you can easily reduce the total cost of your college education.

[Visit your My Student Aid page to use our interactive budget calculator.](#)

Visit the Explore area of FinancialLiteracy101.org for more information.

FINANCIAL LITERACY 101

Fact Sheet: Managing Accounts

Banking 101

Choosing the right bank is an important decision – the right choice could result in practically free banking and the wrong choice could cost you hundreds of dollars per year. What makes a good bank for students?

- **Location** - A bank near campus should be a top priority. Having to get money from another bank's ATM machine could cost up to \$2.00 per transaction.
- **Fees** - If a bank charges \$10 or more per month for a checking account, that's over \$100 per year!
- **Online Banking Options** – Besides helping you track your bank balance and spending habits, some banks offer downloadable banking records that you may use with programs like Quicken or Microsoft Money to make budgeting easier.

Types of Accounts

There are two types of accounts commonly used by students...

- **Checking Accounts** - Every student should have a checking account that includes a debit card. Why? You'll need checks for expenses such as bills and tuition. Checking accounts also offer debit cards, which are a convenient alternative to credit cards for everyday purchases. Many banks have special "student accounts" that can be a good deal if they fit your banking needs.
- **Savings Accounts** - Savings accounts are a good option especially if you get a lump sum of money each semester from your parents or from student loans. By transferring money from your saving to your checking account each month, you can reduce the chances of spending all your money before the semester is over.

See the Fact Sheet on "Avoiding Fees" for account tips.

Overdraft Protection

An overdraft (or "bounced check") occurs when your account lacks sufficient funds to cover the checks you've written. Overdraft protection is a service banks offer to help avoid bounced checks – if you write a check without enough money in the account, the bank will either loan you the money or transfer it from your savings account.

Overdraft protection can be a valuable service when used as intended. Otherwise, it is little more than an extra credit card with similar interest and fees. If possible, overdraft protection should take money from your savings account to avoid interest charges.



Debit vs. Credit Cards

Debit cards have a major advantage over credit cards since there is no "credit" involved – money is simply removed from your account when spent. You may get an unpleasant surprise if you have a charge declined, but debit cards make it harder for debt to become a way of life.

On the other hand, debit cards have one major disadvantage compared to credit cards. Credit cards provide you with automatic fraud protection that limits your liability in case your card is stolen. In most cases, you would be responsible for \$50 or less of any unauthorized charges.

If your debit card is stolen, you may have no liability coverage to protect your money. Whatever is charged before you report it stolen could be your responsibility. Be sure to get full details from your bank.

Managing Your Accounts

Your bank will send you statements each month that show your balance and each transaction for the month. Save these statements - you may need them for financial aid.

Check your statement when it arrives to make sure that it is correct. You'll want to compare the deposits and withdrawals to your checkbook register - if the amounts differ, determine if you or the bank made a mistake, or if an unauthorized person is stealing money from your account.

Some students keep the same bank account they had in high school, and continue having the statements sent to their parent's home. There's nothing wrong with doing this – studies have shown that students have fewer financial problems when their parents are involved. However, we do recommend that you receive a copy of your statement at school so you can plan an active part in managing your money.

Visit the Explore area of FinancialLiteracy101.org for more information.

FINANCIAL LITERACY 101

Fact Sheet: Identity Theft

Identity Theft – A Growing Problem

You've probably heard the term "identity theft" on the news lately. It's a growing problem that costs victims over \$5 billion per year.

Identity theft occurs when someone uses your personal information to get credit cards, loans, cell phones or just about anything that requires detailed personal financial information. Worst of all, these fraudulent accounts are opened in your name, using your credit, leaving you responsible for someone else's spending spree. As a result, thousands of people per year have their credit reports damaged.

It can take years and thousands of dollars to repair the damage of identity thieves, during which you could be denied credit, mortgages or even jobs as the result of their actions. In fact, you could even be arrested for crimes committed by someone else that used your identity!

Humiliation, anger, and frustration are among the feelings victims experience as they navigate the process of rescuing their identity.

How Identity Theft Works

Thieves get your personal information by stealing your wallet or mail, stealing passwords from computers, by posing as a legitimate company to fool you into revealing information, by stealing your information from businesses, and through a host of other scams.

After they have your personal information, thieves have a number of strategies for stealing in your name...

- They may call your credit card issuer to **change your billing address**. Because your bills are being sent to a different address, it may months before you recognize the unauthorized charges.
- They may **open new credit accounts** in your name, including credit card, phone, utilities, or even car loans. When they don't pay the bills, the delinquent accounts are reported on your credit report.
- They may **open a bank account** in your name and write bad checks from that account.
- They may **get identification** in your name, such as a driver's license issued with *their* picture.
- They may **give your name to the police** during an arrest. If they don't show up for their court date, a warrant for arrest is issued in your name.



Preventing Identity Theft

The first step to prevent identity theft is to develop an awareness of how and when you use your personal information. By keeping close tabs on your personal information, you can reduce your chances of becoming a victim.

Here are some ways you can protect yourself from identity theft:

- Protect your Social Security number and passwords. Don't carry them with you.
- Don't give your Social Security number to everyone who asks – only employers, government agencies, and financial institutions actually need your number.
- Report lost or stolen credit cards immediately.
- Check your monthly credit card and bank statements for unusual activity. Check your credit report free at AnnualCreditReport.com.
- Be aware that public computers can have a "key logger" program installed that records every keystroke – including your passwords and other sensitive information.
- Be wary of emails asking you to "verify" your personal information – this could be a "phishing" scam.
- Thieves also may try to trick you into revealing personal information by phone, which is known as "pretexting". Never give personal information unless you made the call.

If you do become a victim of identity theft, contact local law enforcement and one of the three credit reporting agencies to put a fraud alert on your file.

Visit the Explore area of FinancialLiteracy101.org for more information.

FINANCIAL LITERACY 101

Fact Sheet: Credit and Debt

Understanding Credit

From buying a pack of gum to financing a car or home, people use credit every day. Credit offers a way for us to get the things we want without having to carry cash, and it allows us to buy things we might not be able to afford all at once, like a home or college education.

What is credit? Credit is simply a promise that you will repay the money you borrow. The lender, who could be a bank, store, or credit card company, charges interest for the use of the money.

Your Credit Report and Credit Score

Remember when your teachers threatened to include your misbehavior on your "permanent record"? Your credit report doesn't keep track of detentions, but it does track information about you and your financial history. This information is also summarized into a number called your credit score.

Your credit report is available to lenders, landlords, and even employers. A bad credit history means it will be harder to get a car loan or a home mortgage, and your loans will be more expensive since you'll have to pay higher interest rates. For example, having to pay just one extra percentage point on an average home mortgage because of shaky credit could cost nearly \$75,000 dollars over the course of the loan. Plus, if you need private loans for school, you will also be charged a higher rate. We've even heard of people being turned down for a job because of a poor credit report.

To maintain a good credit score...

- **Pay Your Bills on Time** – Be diligent about paying any bills on time, including your phone, utilities, cable, student loan and credit card. After 30 days, your account could be considered delinquent and your credit could be damaged.
- **Manage Your Credit Cards** – Responsible use of a credit card will help to build your credit record. That means no late payments and no high card balances. Remember, having more than one card will not help and may even hurt your credit score. More than one card makes it much easier to get into serious trouble with debt.
- **Review Your Credit Report Periodically** – The only way to find errors on your credit report is to see it. Don't pay a fee or give away sensitive personal information to get a look at your credit report. You can get a free credit report once per year at AnnualCreditReport.com.

Items on your credit history last seven years or more, so keep in mind that this month's missed payment may haunt you for years.



Students and Credit Cards

Credit cards can be a source of financial hardship for students and recent grads. The average college student graduates with nearly \$4,000 in credit card debt, in addition to nearly \$18,000 in student loans.

Like anything, credit cards can be used for sound and unsound reasons – for example, using credit for a financial emergency like a car repair far away from home would be a reasonable use of credit. But using credit cards when you're short on cash for clothes, dinners out, or entertainment can be a dangerous game. As a general rule, if you can eat, drink or wear an item, it's usually not a good use of credit. Use a debit card or cash for everyday purchases.

The Minimum Payment Trap

Credit cards are simple, right? You charge stuff and pay it off - what's so complicated about that? Besides the fact that you can quickly charge more than you could easily repay, credit card companies also charge interest and fees (the average late fee is now \$34).

Here's a good example of how interest works. Say you've charged a total of \$2,000 and then stop making new charges. If your card has a typical interest rate of 19% and a typical minimum repayment policy of 2% of your balance per month, it will take you more than 22 years to pay off the card and the total cost will be \$7,000 – if you make just the minimum payment.

How is that possible? Even though you pay off 2% per month, the amount you owe grows every day because of interest - your 2% mainly pays the interest and a fraction of the original \$2,000.

If it's not possible to pay off your entire balance each month, pay as much as you can. Most debt counselors recommend paying at least twice the minimum payment. That way, you will pay off part of the debt, not just interest.

Problem with debt? See our Debt fact sheet.

Visit the Explore area of FinancialLiteracy101.org for more information.

FINANCIAL LITERACY 101

Fact Sheet: Getting Out of Debt

A Common Problem

As debt has increasingly become a way of life for Americans, college students have also found their debt levels at record levels. Over the past few years, the average credit card debt of new college graduates has doubled to nearly \$4,000 - and that's in addition to an average \$18,000 in student loan debt.

How could this happen? Debt can happen for a variety of reasons - from the loss of a job to medical bills. But the most common reason students get into debt is simply lack of planning. The problem with debt is that it rarely happens at once - little by little, credit card balances grow until you realize it will take months or even years to repay the debt.

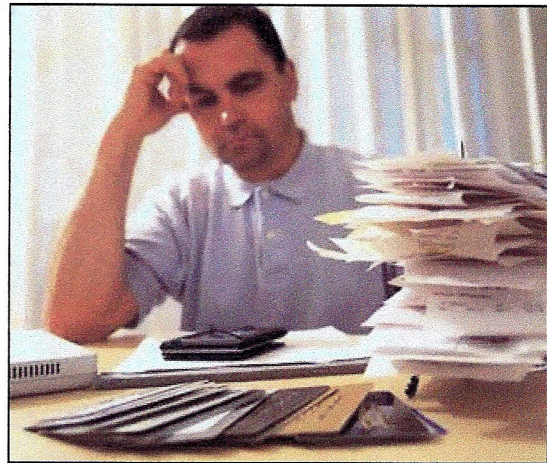
The effects of excessive debt can also be devastating - from feelings of low self esteem and anxiety to a damaged credit report.

This fact sheet outlines several strategies you can use to help yourself out of debt. Your school's financial aid office is often a good first stop when coming to terms with serious financial problems, and they may be able to put you in touch with a qualified debt counselor.

Warning Signs

Here's a list of common feelings and situations that may alert you to take control of your debt.

- You have unpaid balances on your credit card.
- Your debts get bigger, not smaller, every month.
- The interest rates on loans and credit cards are raised because of missed payments.
- You bounce checks.
- You don't have money to pay for food, laundry, and other necessities.
- You don't pay your bills on time.
- Over one-fourth of your income goes towards paying your debts.
- You spend more money than you make.
- You live in fear of the telephone - it may be another debt collector.
- You use cash advances for items you used to purchase with cash.
- You're at or near your credit limit and apply for new cards.
- You need to transfer debt from one card to another to reduce interest payments.
- You don't know the total amount you owe.
- You experience feelings of anxiety and stress whenever you use your charge cards.
- You drain your savings to pay debts.
- You can't sleep because of worry about debt.



Getting Out of Debt

Curing chronic debt is never painless, but we've come up with suggestions to make the process as easy as possible. First, visit your my Student Aid page and use our interactive budget calculator to determine your cash flow. If you have positive cash flow, apply the extra to the debt, paying off high interest loans first. If your expenses exceed your income, consider working more or getting a low-interest educational loan.

While **consolidating debt** is not the solution to your credit problems, it can save money. If you owe money on several credit cards, you can simplify the repayment process by transferring your different account balances to one lower-rate card. Many credit card solicitations offer what's called a "teaser rate" - a really low interest rate that's typically offered for 3-6 months before it goes up. The accounts are thus "consolidated" under the new card's account - ideally saving you money with a lower interest rate.

Consolidating credit cards is usually a good idea if you absolutely have to carry debt for a while, because it makes repayment both cheaper (at least for a few months - which could save you hundreds of dollars) and easier, since there's just one bill to pay.

But there are some risks to playing the consolidation game. By acquiring new cards, it's a lot easier to get into more debt since you then have another card. It's important to cancel your old cards by calling the company, telling them to cancel your account, and by throwing away your old card.

You can also simply call your credit card and ask for a lower rate - studies suggest that's effective about 50% of the time.

If your debt has gotten out of control, get help from your financial aid office or find a debt counselor.

Visit the Explore area of FinancialLiteracy101.org for more information.

FINANCIAL LITERACY 101

Completion Certificate

The certificate certifies that Amy Kincade has completed Financial Literacy 101 on 03/27/2011 with a grade of 100% correct.

The course completion code is KI2621 and may be verified at www.FinancialLiteracy101.org by clicking the "Course Verification Tool" link and entering the code.

Student ID: none