

Massachusetts Bankers Association

FOR IMMEDIATE RELEASE

Contact: Bruce Spitzer

617-523-7595

MONEY MANAGEMENT TIPS FOR COLLEGE STUDENTS FROM THE MASSACHUSETTS BANKERS ASSOCIATION

BOSTON, Aug. 26, 2010 -- Attending college is an exciting time. It can be one of the great joys in life for those fortunate enough to be able to attend. While many parents and university administrators do a good job preparing students for all kinds of social and academic challenges, often students receive too little instruction on how to manage their finances while away at college. The Massachusetts Bankers Association has a few tips to help college students get off to a sound financial start.

Overall Money Management

- **Protect Your Personal Information**

Dorms or off-campus housing can be a wonderful, shared experience. However, be concerned about “friends” of your roommates tramping through the place. Use a locked drawer or file holder to hold your personal documents – bank and credit card account numbers, passport, social security number, etc. (Better yet, leave your social security card at home and, certainly, don’t keep it in your wallet.) This information can be used to steal your identity, open bogus accounts in your name and run up huge credit card bills. Protect your private information.

- **Budgeting**

For students, establishing and managing a budget is always a good idea. A great way to start is to arrive at campus knowing all of your sources of income and the totals: money from a summer job, savings, financial aid, scholarship money, private loans, a campus job and, of course, parental funds. Then track and record all of your spending very closely over the course of a month. Project outward to the end of the semester and see how expenses compare to your available funds. After reviewing your expenses, chances are you will be surprised that the little things add up to so much. Think twice about stopping at the coffee shop or ordering that late night pizza when you can eat on your meal plan instead.

If you are careful, there may be more money left over for important things like books. Don’t forget to budget carefully and realistically for entertainment. You may learn that not buying or renting a DVD, buying an extra outfit or going on an expensive weekend trip will help you make it through the semester.

- **Credit Cards, Debit Cards and Other Bills**

As a student just starting out on your financial life, it’s important to learn about credit. Parents, teach your children about revolving credit and interest rates. They can be onerous if the student just charges away and overspends. Moreover, students should understand that you need to pay on time to avoid a poor credit score that could hamper your ability to buy a car, rent an apartment, own a home - or even get a job. It’s very important that you check your statements carefully and

report any discrepancies to your card company to give you maximum protection against fraudulent activities. Using a credit card or a debit card can be a good way to establish a positive credit history that will be a benefit throughout life. In addition, you'll find that a credit card can be very valuable in case of emergency. Be sure to pay all of your bills on time and remember that cell phone bills and others can run up very fast. Save all statements and receipts and review the statements thoroughly each month to be sure all charges are yours. If a charge is wrong, contact your bank immediately. Remember that you probably did not budget for paying credit card debt each month.

- **Handle Credit Wisely**

Cash advances, unlike purchases, incur interest charges immediately; make every effort to pay your entire balance each month by the due date to avoid late fees or higher interest rates and consider doing so online; never lend your credit card to anyone, ever; shop around for the best terms that fit your needs or offer rewards programs.

- **New Credit and Debit Card Reforms**

Earlier this year new federal laws took effect expanding consumer protection on credit and debit cards. They include: requiring consumers under 21 to obtain a co-signer on a credit card application; mandating credit card companies to disclose to consumers how long it would take you to pay the entire balance off if you only make monthly minimum payments; and restricting several fees. For additional information visit: <http://www.federalreserve.gov/creditcard/>.

- **Obtain a Free Credit Report**

To protect your credit score (yes, you probably have one even if you are a freshman) it's a good idea to review your credit report once a year and look for inaccuracies. The only place to obtain it free once a year is online at www.annualcreditreport.com.

Important Banking Tools

- **The Checking Account**

Open a checking account at a bank near home and use online banking and ATMs or open an account at a bank near campus. Most colleges invite local banks to visit the college, or provide brochures at the beginning of the school year. Knowing how to write checks, balance a check book, and recognizing the importance of recording ATM withdrawals and debit card transactions, can go a long way toward avoiding financial trouble.

- **Online Banking**

Online banking is not only convenient but it is a great way to easily monitor your accounts and pay bills. You can even arrange to receive certain bills online. Be sure to protect your financial passwords: make them different from your other passwords and verify that all of the latest encryption and firewalls are in place on your computer. Check your account every few days, verify transactions, and be sure you haven't overdrawn your account.

- **Funds Transfer**

Inevitably, at some time during the school year you will need to transfer funds to your account from your parents (hopefully not because you did not budget well). Ask your bank about this process. Moving funds can be as easy as a phone call, a visit to the ATM, or going online.

- **The ATM/Debit Card**

Nothing beats an ATM card for convenience. However, there can be a cost associated with the delivery of that convenience. Every student should be fully aware of his or her bank's fee policies. If you're a customer, most banks will not charge you for using their own ATMs, but you should know whether or not you will be charged for using another bank's ATM, and by your own bank for managing that transaction. Be aware, if you are being charged, and you're in the habit of visiting the ATM many times a week, the charges can add up quickly. Remember the option of using the cash-back feature of debit cards when making purchases to possibly avoid some fees associated with using another organization's ATM. Also, if your bank is a member of the SUM ATM Program, you can avoid ATM surcharges by using another bank's ATM - if it is a member.

In addition, consumers now have the right to opt-out of any automatic overdraft protection plans on their debit cards. Consider whether you want to allow your bank to let you overdraw your account for a one-time purchase or withdraw funds at an ATM for a fee.

- **Records**

Students should keep a record of all of financial service providers in a handy but secure place, separate from your wallet with cards in it, or your checkbook, in case they are ever lost or stolen. Be sure to record and keep in a secure place a list of all computer passwords. Call your bank or credit card company promptly to report lost or stolen cards to protect you from financial loss, and to order new materials.

Internet Advice

- **Avoid Phishing Scams**

Criminals have gone "phishing." This is the act of sending pretext emails to unsuspecting recipients who may think it is an email from their own bank or credit card company – or university – referencing problems with an account or some situation requiring a fast response. The emails are random, but sending thousands increases the likelihood that the scammers will reach some consumers who, indeed, do business with that particular institution. The email or its links will use the institution's logo and other graphics to give the impression that it is actually the organization sending the email, or "spoofing" it. The communication will then include a request to "verify" social security, account numbers, or passwords. Don't do it. Your bank, credit card company or university knows this information and does not need to ask you for it. This is a fraudster.

A variation of this practice attaches "spyware" to your computer which can record keystrokes and other activity. Or someone can call you on the phone and ask these questions. Hang up, unless you initiated the call.

- **Avoid Suspicious Responses to Your Ad on the Internet**

This scheme often involves a legitimate ad that *you* place on the Internet, perhaps trying to sell a car, electronics or any pricey item. Someone responds and cites complications with currency exchange or shipping costs, and sends you a check for more than the selling price of your stereo or car or whatever you are selling. After depositing the cashier's check, you are then instructed to keep a portion of the extra money and wire or send a check for what's left of the overpayment to the buyer's agent/shipper. After you wire the money out of your account you may find that the check you received and deposited was counterfeit. An important rule: If you're selling

something, funds should be moving only in one direction – to you. And make sure, after depositing a check and before you release the goods, that your bank has the funds. Don't simply ask if the check has *cleared* (there's no such thing), verify that the funds are in your account by asking "Have the funds been 'finally collected?'" A better rule of thumb: If a deal sounds too good to be true, it probably is. Another warning: A similar fraud using a counterfeit cashier's check can also occur after an online auction.

- **Avoid Email Scams**

There are many email messages circulating on the Internet that ask for your cooperation to move a large sum of money out of another country and all of them are scams. The scammers pose as bankers, chief auditors, chief security officers, remittance officials, directors of finance, directors of government or bank contract award divisions – all stating they have access to unclaimed funds, generally inactive or delinquent accounts, with millions waiting to be claimed. Others say they are kin to family members who died natural deaths but unexpectedly, or their relatives were killed in assassinations, military coups, or plane crashes. In all of these bogus scenes, the deceased was rich and the letter writer needs help getting the dead relative's vast fortune out of the country due to local snafus or bureaucracy. Individuals are asked to provide funds to cover various fees and for personal identifiers, such as social security numbers, bank account numbers and other similar data. Often they start out by just asking for your phone or FAX number and then in subsequent communication they ask for your bank account number to wire-in the alleged funds. Don't give them anything. Money will be wired *out* of your account. If it sounds too good to be true, it probably is.

- **Be Wary of Prizes, Trips, Lottery Winnings**

This bogus communication can come to you via email, the U.S. Postal Service or over the telephone. There are numerous variations but, again, what they have in common is a request for you to advance funds to receive your prize. The scammers claim you have won the Canadian or some other lottery, you have won a trip or some other windfall and all you have to do is advance a "handling" fee to the sponsor or provide your bank account number. Don't do it. If it sounds too good to be true, it probably is.

- **Avoid Computer Viruses**

Of all Internet frauds, this one is perhaps the most insidious. You receive an email with a tender header, perhaps with an attachment titled "I love you," or "call me," or just about anything that piques your curiosity. When you open the email, it attaches a small virus inside your computer that records keystrokes, log-in names and passwords. And it does so without your knowing it. After you have visited 20 or 30 online banking or financial Web sites, it emails that information back to the criminal sponsor. *Best advice: Don't open strange emails.* Check with your college and ask how to protect your computer from viruses.

- **Be careful with Credit and Job Applications**

If you see a credit offer or a job posting online, you can complete an application or send in a resume. However, don't respond if it asks you for your social security number or bank account information. These can be provided later after you have established contact by phone, or mail, or in-person with the companies and have verified that they are legitimate. Otherwise, you could be providing personal information that could result in the draining of your bank account or the stealing of your identity.

- **Resist the Temptation to Illegally Download Music**

Yes, it's tempting and so easy, but students (and their parents) are being sued all over the country by record companies and artists for sharing music files. Some colleges now have programs to avoid this problem. If yours does not, be smart and pay the one dollar per song it costs to *legally* download music. At a buck and .29 per song, iTunes are cheap compared to a lawsuit. (Have you seen the news?)

Spending just a little time thinking about finances each month will make your college experience more fun and rewarding.

The Massachusetts Bankers Association represents approximately 190 commercial, savings and co-operative banks and savings and loan institutions located in Massachusetts and elsewhere in New England.

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Massachusetts Bankers Association
One Washington Mall, 8th Floor
Boston, MA 02108
Tel: 617-523-7595 / Fax: 617-523-6373
www.massbankers.org