

Administer Pre-Test**Introduction**Visual:

Handful of credit card applications



1. Please put your birth date in the top upper right corner.
2. *Quickly* answer the questions on *both* sides of this quiz.
3. Now, pass your papers in, please.

How many of you have been receiving these in the mail? This is the number of credit card applications a teen received in the last three months!

When you leave home and begin to live on your own, you will find that credit card companies use a lot of other strategies to try to get you to do business with them.

I'm here today to help you be prepared to deal with the pressures you're going to face when you get out on your own. Establishing a good "credit history" is extremely important to your future. How you handle credit can influence what kind of opportunities you have...

- ▶ **Omaha World Herald, April 21, 2002:**
'Students on credit flunking finances'
"One Hampton student said she had to forgo an internship in her field of study because she had so much charged up on plastic that she couldn't afford to take the unpaid job. If that student were not so deep in debt, she could manage to take that internship, which could help her get a better-paying job once she graduates."
- ▶ I know of one young man from eastern Nebraska who is \$48,000 in debt!
 - ✓ He wants to get married but doesn't have enough "good" credit to get airplane tickets for the honeymoon...
 - ✓ He lost his dream job because, even though his grades were apparently good, his prospective employer ran a credit check on him and decided that if he couldn't manage his own financial affairs, they didn't want to trust him with a company car and expense account.

I am not here to say you shouldn't have a credit card!!! In today's world you almost have to have one. What I am here to do is to help you know how to *choose* and *use* a credit card wisely so you can avoid some of the pitfalls that can cause problems for you in the future.

Objective 1**Definition of credit**Visuals:

Debit card

Credit card

**Transition to small group work****Distribute & study scenarios**

10-15 minutes

So...I'm here to talk to you about credit.

I've heard some students say credit is 'plastic'. I have two cards here. Both are plastic. One is a credit card. One is not. Which is which?

Q: What is a debit card?

A: A debit card is sometimes called a 'check card'. When you use a debit card, the money is deducted from your checking account immediately. This card allows you quick access to your own money but when you spend or withdraw all the money in your account...*it's gone!* You must be careful to keep track of expenses to avoid "overdrawing" your account and incurring fines.

So, the other card is the credit card.

Q: What is your definition of 'credit'? How did you answer that question on the quiz?

A: At its most basic level, 'credit' is your promise to re-pay. When you buy something and give the clerk your credit card, it's like saying, "Put it on my tab. I'll pay you at the end of the month." The credit card company pays the merchant and at the end of the month, you owe the money to the credit card company.

Q: And, what if you don't pay at the end of the month???
It's like taking out a loan. What happens when you take out a loan?

A: Yes, you pay it back with interest!
That's what is meant when we talk about the "cost" of doing business when you use 'credit'!!!

Well, we have a lot to cover today.... I'm going to split you into groups and have each group deal with some real-life situations you might actually face.

I'm going to ask each group to read a scenario and answer the questions that are attached. I'll be asking you to report back to the entire group so:

- ▶ Choose a spokesman to represent your group.
- ▶ Be prepared to summarize your 'situation' for the entire class; and
- ▶ Be prepared to answer the questions I've given you.

**Scenario #1:
Kinsley's Wants vs.
Needs**

**Objective 2:
"Wants vs. Needs"**

◆ Psycho-Social Aspects

**Objective 3
Incentives**

◆ Gifts

◆ "Instant credit"

Group #1, would you please explain your scenario to the class?

(Summary: Kinsley spent her graduation money and summer earnings on a stereo. Now she need books, wants to decorate her room and buy CDs but she doesn't have enough money. At the bookstore she faces pressures to sign up for a credit card.)

Q: What are Kinsley's "needs"? (Books)

What are Kinsley's "wants"? (Decorate her room, CD's, pizza...)

What does Kinsley *think* are her "needs"?

What does Kinsley *think* are her "wants"?

Do her "needs" seem to be as important to her as her "wants"?

Q: What other benefit did Kinsley think she could get from having a credit card? (She can put off getting a job....)

One of the important factors going on in Kinsley's situation is that, since Kinsley is away from home and in a new environment for the first time, she might be a little...lonely? depressed? Just like people eat when they're stressed, some people shop when they're stressed. Having a credit card available can make it much easier to give in to the desire to purchase, purchase, purchase...

Q: What kinds of pressures were the credit card companies using to try to get kids to "sign up"?

A: The credit card companies were giving away FREE items like trash cans, duffle bags, CDs, etc. to those who would complete a credit card application.

Credit card companies use all kinds of "incentives" to get you to do business with them!

One young man I know came home on his first visit with three new t-shirts. When his mother asked where he got them, he assured her that, even though he had completed credit card applications to get the shirts, he had not *signed* the applications. Therefore, he insisted, he would not be receiving any credit cards. Guess how many credit cards came to his home later? **THREE!!!**

The credit card company was also offering "instant credit" to entice Kinsley to apply for a card. Many merchants—from discount chains to up-scale department stores—pressure shoppers by offering a discount on purchases to those who complete a credit card application at the check out stand. They suggest you can go pay the bill off immediately or they will bill you at the end of the month. This means they are giving you "credit" without even checking your credit history and/or your ability to repay!

**Scenario #2:
Lynn's Shopping...**

Incentives (cont.)

- ◆ Interest rates

Objective 4

Factors to consider when shopping for credit

- ◆ APR

Name of Card	APR	
	Intro	Reg.
Acme Credit	4.7%	12.99% <i>Fixed</i>
Bandwagon Credit	0%	15.99% <i>Variable</i>
Catch-All Credit		18.99% <i>Fixed</i>
Day-to-Day Credit	0%	9.99% <i>Variable</i>
Everything Credit	0%	14.9% <i>Fixed</i>

- ◆ Fees

Group #2 was asked to compare five credit card applications.
Q: As you considered these applications, did you find the companies using any incentives to entice people to sign up?

A: Yes, “0% APR” or other “introductory rates” are also “hooks” that credit card companies use to get you interested in their card.

One of the things you hear a lot about regarding credit cards is to “shop for a card” just like you would shop for anything else. You want to get the “best offer” or “best deal”. “APR” is definitely one of the factors we want you to consider when you’re “shopping” for a credit card....

Q: What does “APR” mean? (Annual Percentage Rate)
What were the “introductory APRs” you saw? (0%, 4.7%)
How long were those APRs in effect? (3-18 months)
So, what will the APRs be after the introductory rate expires? (9.9%–18.9%)

Wow, there’s a lot of variation in these rates! And, even this rate may not last “forever”. You may have noticed that on some of the applications the interest rate is determined by taking the “prime lending rate” and adding a percentage (determined by the bank). So, when you hear about the Federal Reserve changing the prime lending rate, the interest on your account could change, too. Some applications say the rate is adjusted every three months!

Q: Okay, what other things did you consider as you were comparing these cards?

A: Annual fees. (\$0–\$49)
 “Deposit required...send no money now...first bill...”
Monthly finance charge (\$.50–\$1.00 a month)

TIP...

Students may suggest that “credit limit” should be a consideration when shopping for credit. In fact, many may say that the highest credit limit possible would be the best choice! Explain that having high credit limits OR owning multiple credit cards gives the impression that one has the opportunity to get deeply in debt. This is not viewed well by future lenders such as landlords or bankers. This is the “teachable moment” to convey the following concepts to the students:

- ▶ **It is important to find a credit limit with which you are comfortable.** See “Personal Credit Limit” described in NF02-514, “Credit: When to Use It and How Much Can You Afford?”, by Kathy Prochaska-Cue.
- ▶ **Experts recommend owning only one credit card.** Establishing a good credit history is not achieved by owning many credit cards. Rather, it is achieved by handling one card responsibly.

**Scenario #3:
Jayne's Monthly Bill**

**Objective 5
Other costs of credit**

◆ Late fees

◆ Penalty/Late/Default APRs

Name of Card	APR		Late	
	Intro	Reg.	Fee	APR
Acme Credit	4.7%	12.99% <small>Fixed</small>	\$29	12.99%
Bandwagon Credit	0%	15.99% <small>Variable</small>	\$19	15.99%
Catch-All Credit	None	18.99% <small>Fixed</small>	\$29	
Day-to-Day Credit	0%	9.99% <small>Variable</small>	\$19	19.99%
Everything Credit	0%	14.9% <small>Fixed</small>	\$19	21.15%

In Group #3's scenario, Jayne encountered some situations that surprised her. Please tell the class about your problem.

(Summary: Jayne charged some tires and other miscellaneous expenses on her new credit account and when the bill came, she owed more than she expected.)

Q: So, why was Jayne's November bill higher than she expected?

A: First of all, Jayne was charged a "late" fee.

Q: Why was Jayne charged a "late" fee? What constitutes "late"?

A: The fine print on the credit card applications says that payments made after **2:00 p.m.**—even on the due date—are late!!!

Q: Why was Jayne's payment late? She mailed it four days ahead.

A: She mailed her check on Thursday. It didn't arrive at its destination by Friday...the banks weren't open on Saturday so no business was transacted then...Monday was a legal holiday (therefore no mail, no bankers working) so her payment was not posted until Tuesday...it was late!

Q: So, what is the penalty for being late?

A: Late fees range from \$19 to \$29.

Q: So, Jayne got charged a late fee... Was there any other penalty for being late?

A: Penalty/Late/Default APR—If you are late with a payment, you may *automatically lose the introductory interest rate.*

Remember the examples from Group #2's examination of credit card applications? Those non-introductory rates ranged all the way from 9.99% to 18.9%. And, in some cases, the penalty/late/default APR is even higher than the regular rate after the introductory rate expires:

- **Acme Credit**—Default to regular rate: 12.99%
- **Bandwagon Credit**—Default to regular rate: 15.99%
- **Catch-all Credit**—Default to regular rate: 18.99%
- **Day-to-Day Credit**—Regular rate: 9.99%; Penalty rate: 19.99%
- **Everything Credit**—Regular rate: 14.99%; Penalty rate: 21.15%

That's quite a bit of difference, isn't it? And this change is *forever*. Once you've demonstrated that you can't make payments on time, the credit card company is going to consider you a poor risk and charge you more interest.

**Scenario #3:
Jayne's Monthly Bill
(continued)**

**Objective 5 (cont.)
Other costs of credit**

◆ Cash advances

NOTE:

"Checks" provided by credit card companies are treated like a cash advances—they require both higher interest rates and the interest begins accruing immediately.

Name of Card	APR		Late Fee	Cash Advances		
	Intro	Reg. Fixed		APR	Fee	APR
Acme Credit	4.7%	12.99%	\$29	12.99%	3% (min. \$5)	12.99%
Bandwagon Credit	0%	15.99%	\$19	15.99%	3% (min. \$5)	15.99%
Catch-all Credit	None	18.99%	\$29		3% (min. \$5)	21.99%
Day-to-Day Credit	0%	9.99%	\$19	19.99%	3% (min. \$5)	19.99%
Everything Credit	0%	14.99%	\$19	21.15%	3% (min. \$5)	14.99%



Q: Were there any other reasons why Jayne's November bill seemed to be higher than it should be?

A: When Jayne didn't have enough money for a night out, she got a "cash advance". She went to an ATM and got \$10.00.

Q: But Jayne had more than a \$10.00 charge on her credit card, didn't she? Why?

A: She was charged a fee for getting a cash advance.

Q: How much was the fee supposed to be?

A: According to the application which outlines the terms of the contract, the charge for a cash advance is supposed to be 3% of the amount charged OR a minimum of \$5.00.

Q: What's 3% of \$10.00? (30¢)

So, in this case the minimum charge for this cash advance was.. (\$5.00)

Q: So when Jayne got a cash advance for \$10.00, she walked away with a \$10 bill and the company charged her \$15.00.

And then, two other things happened when she got a cash advance. What were they?

A: First, the interest rate on a cash advance is often higher than the interest rate on purchases.

- **Acme Credit**—Intro: 0%; Reg: 12.99%; Cash:12.99%
- **Bandwagon Credit**—Intro 0%; Reg: 15.99%; Cash: 15.99%
- **Catch-all Credit**—No Intro; Reg: 18.99%; Cash: 21.99%
- **Day-to-Day Credit**—Intro: 0%; Reg.: 9.99%; Cash: 19.99%
- **Everything Credit**—Intro: 0%; Reg.: 14.99%; Cash: 14.99%

Secondly, the interest on a cash advance begins accumulating immediately, unlike interest on purchases which doesn't begin accumulating unless you fail to pay the bill off by the due date.

So, Jayne expected her November bill to be about \$104.00. But, actually she also got charged for:

- ✓ a late fee;
- ✓ a higher "penalty" interest rate;
- ✓ a cash advance fee; and
- ✓ a higher "cash advance" interest rate; and
- ✓ cash advance interest from the date of the transaction,

her real bill in November was considerably more than she thought it would be: **\$131.10!**

Scenario #4:
Lee 'Maxes' Out

Objective 6
Managing debt

CREDIT REALITY CHECK						
Year	1	15	25	30	45	47
Payment Number	1	180	200	260	540	556
Number of Payments	0	15	25	30	45	47
Minimum Payment (\$)	\$50.00	\$26.00	\$17.50	\$14.20	\$10.00	\$10.00
Total Paid	\$41.25	\$22.62	\$14.66	\$11.32	\$5.50	\$5.00
Interest Paid	\$6.75	\$4.67	\$3.07	\$2.49	\$1.50	\$0.91
Interest (\$)	\$2,498.25	\$1,236.61	\$835.25	\$701.57	\$267.00	\$6.00
Total of Interest Paid to Date	\$41.25	\$2,115.67	\$7,690.64	\$8,456.83	\$3,542.20	\$9,983.63
Total of Payment Paid to Date	\$6.75	\$1,169.89	\$1,636.77	\$1,792.43	\$2,292.97	\$2,500.98
TOTAL PAID \$12,483.63						

NOTE:
Letters such as those sent at Christmas time permitting cardholders to "skip" a payment should be viewed with caution. Interest will still accrue despite the suggestion that the skipped payment is a "gift" to cardholders.

What happened to Lee in your scenario, Group #4?

(Summary: Lee charged a stereo, laptop computer and printer and maxed out the \$2,500 limit on his credit card. That scared him so he decided not to charge anything else until his account was paid off. But, he only had enough money to make the minimum payment each month.)

Q: So, What did Lee do "right" in this scenario?

- A: Yes:**
- it's good that he quit charging on his account!
 - it's good that he is making regular monthly payments!

Q: What did you find out about how long it will take Lee to pay off his bill if he only makes the minimum monthly payment?

A: 47 years!!! (He'll be 65 years old!!!)

Q: And if he takes 47 years to pay off his bill, how much interest will Lee pay by the time he pays off his account?

A: \$9,983.63!!!

Q: So...altogether, the computer, printer and stereo (originally priced at \$2,500) will really cost him...how much? What is the final amount Lee will pay by the time he pays off his account?

A: \$12,483.63

(Q:Do you think the computer, printer and stereo will even still be working when they're paid off ?!?!?! Man, that's a lot of money! If I was paying out that much money, I think I'd want to have something more to show for it than an obsolete computer and a broken down stereo!)

Q: How can you avoid getting in Lee's predicament?

A: Specialists recommend that you limit credit card use to what you can pay off in total when the next bill arrives.

TIP:
Students may suggest that when Lee gets older and more well established he will make more money and will be better able to pay off his account early so he may not necessarily pay nearly \$10,000 in interest. Hopefully this will be the case, but circumstances may not always play out as expected. Rather, Lee may not be able to pay his account off early for a variety of reasons:

- ▶ **Normal "Stages of the Lifecycle" Occurrences.** If Lee chooses to marry, purchase a house or car, or have children he may incur increased costs associated with these activities which can prevent him from paying his account off early; or
- ▶ **Unexpected Life Occurrences.** Lee may encounter unexpected expenses such as automobile or home repairs, layoffs, disabilities, illness, etc. which can prevent him from paying his account off early.

Objective 7
Legally binding contract

Well, we've looked at a lot of different issues related to credit cards. It's certainly apparent that the terms on these different credit card applications vary a lot.

Q: What does it say by the place where you sign your name?

A: "MY SIGNATURE MEANS THAT I AGREE TO THE TERMS AND CONDITIONS ON THE REVERSE SIDE OF THIS FORM..."

Q: And, who is legally responsible for charges made to your card?

A: *YOU* are. If you are 18 years of age, you are legally responsible... not your parents...*YOU!!!*

When you sign a credit card application, you are signing a legally binding agreement. You must know what it says:

- ▶ You can't come back later and say that you didn't know the interest rate would go up...
- ▶ You can't come back later and say you didn't think your payment would be late if you made it by 5:00 p.m. or midnight on the day it was due...
- ▶ You can't come back later and say that you didn't understand that cash advances would be handled differently than other transactions.

You need to read and understand the terms of the contract before you sign!

- ▶ Do you suppose those students who quickly fill out applications at booths by the bookstore or on their way to a football game are carefully considering which one provides the best interest rate and the lowest fees?
- ▶ If you fill out an application as you are standing in line at the check-out counter, do you think you will have time to read all the fine print and know the terms and conditions of the contract?

Deciding if you want to apply for a credit card and which card is best for your situation is very complicated. *In fact, this is something that I hope you will discuss with your parents.*

Soon I will be sending a packet of "materials" to your parents or guardians that covers many of the topics we have discussed today. Please alert them to the importance of this information and plan to sit down and talk with them about this issue soon.

Objective 8
Protecting Your
'Personal Identity'

Scenario #5:
Sam's Situation

- ◆ Sensitive Information

- ◆ Precautions

- ◆ Disposal of sensitive material

- ◆ Other safeguards to insure a good experience

Whether you choose to have a debit card or a credit card, one of the most important things you can do to is to protect your *personal identity*.

"*Identity theft*" occurs when a someone steals your personal identification and uses it as if it were his or her own. In today's society that means protecting things like your social security number, bank and credit account numbers, etc. This information can be used to access your bank or credit accounts, to open new accounts or take out new loans in your name, or to secure employment opportunities, etc.

Group #5, what was your scenario about?

(Summary: Sam is moving into an apartment with two of his friends. It asks what Sam should do to protect his credit and identity.)

Q: Well, first of all, what personal information should he be especially careful about protecting?

A: He should protect anything with his:

- ▶ Name and address;
- ▶ Date of birth;
- ▶ Social Security and driver's license numbers;
- ▶ Mother's maiden name (used as a "security code" by many banks, etc.);
- ▶ Bank account and credit card numbers; and
- ▶ Phone numbers.

Q: What precautions should Sam take with papers that contain this type of information?

A: There are a couple of ways he should handle these types of papers:

- ▶ He should make sure that none of these papers are left lying out in the open (like on the kitchen table) where others can see them.
- ▶ He should also file these types of papers in a "secure" area where no one else can get to them.
- ▶ The apartment should be locked when no one is there.

Q: What if Sam doesn't want to keep all the papers he gets with personal information on them? What should he do with things like "pre-approved" credit card applications with account numbers on them, old bills or cancelled checks, etc.?

A: He should shred these kinds of documents or tear them up in small pieces and dispose of them at different times or in different places so the small pieces can't be put back together again to reveal private information.

Q: What other things do you think Sam should be careful about to insure that he and his roommates have a good experience in their new apartment?

A: Sam and his roommates should:

- ▶ have all roommates and their parents sign the lease;
- ▶ have written rules for conduct and sharing responsibilities;
- ▶ have a written agreement about paying bills; and
- ▶ keep accurate records and file all bills related to group expenses.

**Scenario #6:
It's Not a Mystery
for Morgan**

Objective 8 (cont.)

◆ Debit Card Protections

Group #6, you had a situation about “Morgan” who had a debit card rather than a credit card, right?

Q: Why do you think Morgan chose a debit card over a credit card? What are some advantages of a debit card?

A: Debit cards are convenient:

- ▶ You don't have to go get cash as often. You can just use the card to pay for purchases like it was a checkbook.
- ▶ But, you don't need to carry a checkbook
- ▶ And, you don't need to present additional identification to use it.
- ▶ Also, you can't spend more than you have in your account (unless you have an “automatic credit line” as a part of your debit card agreement.)
- ▶ You don't have to worry about paying a bill on time or paying interest (but you may encounter fees each time the card is used or, perhaps, an annual fee just for having for the card itself.)

Q: We just said that even with a debit card you have to take precautions to protect your personal identity. The PIN (Personal Identification Number) is one protection in place to help protect your account. What precautions should you follow when choosing and using a PIN number?

A: Select a PIN that is different from all other numbers in your wallet or purse. For instance, do not use numbers taken from your:

- ▶ Address
- ▶ Phone number
- ▶ Date of birth; or
- ▶ Social Security Number.

Also, memorize your PIN number. Do not have it written on the card or recorded somewhere else in your wallet or purse.

◆ ATM Safety

Q: I think your scenario also said that 40% of ATM-related crimes occur between 7:00 and 12:00 midnight. Is that right? What did you learn about choosing an ATM that is safe to use?

A: Choose an ATM that is:

- ▶ Well lighted; and
- ▶ Free of bushes or other features which could provide shelter for would-be criminals; and
- ▶ Be alert for anything suspicious, such as people “milling around” (two or more people in a nearby vehicle despite the fact that none of them is using the machine.)

Objective 8 (cont.)

◆ ATM Safety (cont.)

Q: What else should you be careful about when using an ATM?

A: According to specialists you should:

- ▶ Take someone else along after dark.
- ▶ Have your card and other items (code, deposit slip) ready before you approach the ATM.
- ▶ If you have to get out of your car, park close and in a well-lighted area. Lock all the car doors but keep your keys handy.
- ▶ If you are "driving up", keep all windows closed except the one you are using. Keep all doors locked. Keep the car running.
- ▶ If you have to wait for your turn, stay some distance behind the other person. Do not approach the ATM until they have completed their transaction.
- ▶ When it is your turn, if someone is too close, ask them to move back. If they don't move, cancel your transaction and wait in a safe location or leave.
- ▶ Be alert to activity in the area. Do not allow strangers to help you. If you have trouble, leave and contact the bank later.
- ▶ When your transaction is complete, take your card, receipt and money and leave immediately. *NEVER STAND AROUND AND COUNT YOUR MONEY*. If your transaction is not correct, you cannot correct it at the machine, anyway. If you do find an error, contact the financial institution as soon as possible.
- ▶ Be alert to your surroundings as you leave the ATM. If someone follows you, go to the nearest location where there are a lot of people and call the police.

◆ Reporting lost or stolen debit cards

Q: With that PIN number as a security feature, do you need to worry if you lose your debit card?

A: YES. If you lose, misplace or have your debit card stolen you should contact the financial institution that issued the card immediately.

- ▶ If you report the card missing before it has been used, you are not responsible for any unauthorized withdrawals.
- ▶ If unauthorized use does occur before you report it lost or stolen, the amount that you are responsible for depends on how quickly you report it.

Q: How can you make sure that no one else is using your debit card to withdraw money from your account without your permission?

A: Check bank statements each month just to make sure that you really did authorize all the transactions. If there are items you question, contact the company right away.

**Scenario #7:
Laura Loses It**

Objective 8 (cont.)

NOTE: In addition to credit issues, it is also important to address *personal security* issues associated with the loss of a key as you discuss this scenario. Encourage students to report such losses to all roommates and building personnel. Discuss the importance of re-keying or replacing locks in such situations and taking appropriate precautions to insure personal safety in the interim.

◆ Credit Card Protections

◆ Reporting Lost or Stolen Credit Cards

NOTE: Some student IDs can now be used to make purchases on campus. Students should be encouraged to take the same precautions with their ID as with their credit card.

Finally...Group #7, tell the class what happened to Laura in your scenario, please.

(Summary: Laura's parents agreed to co-sign on a credit card for Laura. Laura kept her credit card in her college key-holder along with her student identification so she would always know where it was.

On a Friday night, as she was preparing to make her first trip back home, she discovered that she couldn't find her key-holder. Her room key, student ID and the credit card were all missing.

Her friends told her to just relax—they were sure she had just misplaced it. Since she didn't want to worry her parents, she didn't tell them about it. She just kept looking....

Finally on Wednesday, when she still hadn't found it, she called the campus police to report it missing.

About the same time her parents received a call from the credit card company saying that the maximum had been charged on her card through long distance phone calls and ATM cash withdrawals.

The bookstore also called to say that her Student ID had been used to charge \$350 worth of books and other school supplies.

Q: Wow...someone got to Laura's credit card, didn't they? What steps should Laura have taken to avoid having her identity "stolen" in the first place?

A: She should have:

- ▶ signed her credit card right away when she received it;
- ▶ kept her credit card separate from her identification;
- ▶ kept her credit card's whereabouts confidential; and
- ▶ kept her room locked when she wasn't there.

Q: So, what should Laura have done when she first realized her credit card was missing?

A: She should have reported the loss immediately to the following:

- ▶ the credit card company;
- ▶ law enforcement officials (campus or city police, sheriff, etc.); and
- ▶ the three national credit reporting organizations.

(See "Protect Your Credit and Identity", p. 4)

The national credit reporting organizations can place a "fraud alert" on your name and Social Security number to prevent someone from using your personal information to open new accounts in your name.

She should also:

- ▶ file written reports as soon as possible;
- ▶ keep copies of all correspondence; and
- ▶ document all phone calls.

Conclusion

Well, we've certainly covered a lot of information today....

As I said, when we started, *I'm not here to say you shouldn't have a credit card.* I'm here because I really want all of you to have a great "send-off" into the world after graduation. I want you to have the best life and the brightest future you can have....

I hope you've picked up some information today that will help you be prepared to deal with the barrage of credit card offers that may come your way in the future.

I hope that you will talk with your parents about whether or not it's a good time for you to have a credit card and have them help you select an option that's right for you and your family's situation.

I hope that you will handle credit carefully and take precautions to protect your personal identity.

What could be more important than your grade point average in determining your future? **Your credit report....**

Remember...**establishing a good credit history means *handling credit wisely.*** *Having* a card is *not* what establishes a good credit history. It's establishing a good record of *re-paying your debts* that really matters.

I hope you've picked up some information today that you can use and that you'll discuss this important topic with your parents. (Remember to watch for that packet that will be coming in the mail soon. Be sure and share the information about personal identity with your parents. There's important information in there that everyone should know....)

Administer Post-Test

In the meantime, I need to ask you each to complete this "post-test". Please remember to put your birth date in the top upper right corner again.

Please leave your papers with me before you leave the classroom. Thanks and good luck after graduation!

