Students learn credit card abuse the hard way

Linda Findley Reporter

Tim Crawley, a 1990 graduate of Elon College, learned the hard way that credit cards bring debt, not freedom.

During college, he racked up \$4,000 on credit cards. Four years later, the debt still hangs over him.

"I have tried to get a debtconsolidation loan to pay off the cards," Crawley said. "But I can't get the loan because my credit is bad. It's a vicious circle."

Crawley fell into a common trap for college students: Too much debt on too many credit cards that they don't really need.

Today's college students are flooded with offers for credit cards which they may not need and prob-

ably do not have the knowledge to use, says the director of a national credit card education group.

A 1992 survey found that 61 percent of college students have at least one credit card. More than two-thirds of these students got it before the end of their freshman year. Many of these cards start with limits as high as \$1,000.

The problem is students don't usually have the income to support a credit card. But more important, they don't have the education to understand what credit means, said Ruth Susswein, executive director of Bankcard Holders of America.

A survey by American Express and the Consumer Federation of America found that 70 percent of college juniors and seniors did not know that banks can set their own interest rates, and 78 percent did not understand how the annual percentage rate on a credit card increases the cost of what you buy.

Sharon Radford, regional supervisor of the Budget Counseling and Education Centers of North Carolina, sees eight to 10 students a month who have gotten into credit problems. She said that by then, it's usually too late.

"When students overload their credit cards and don't pay it off, that stays on their credit history for seven years," Radford said. "We need to help keep them from getting in that situation."

The problem runs a lot deeper than students just getting in over their heads, Radford said.

"When students default on these credit cards, it raises the percentage rates for all credit cardholders. Then, when these students get older and try to buy a house, they get turned down for loans because of bad credit," she

Susswein said students are more likely to default than standard cardholders because of low income and little understanding of the responsibility behind spending. But the companies expect it, she said.

So why would credit companies send students cards if they are not paying their bills?

"What we hear, more often than not, is that parents are bailing their children out," Susswein said. "The credit card companies know this. Some applications even ask for the parents' names, even though they are not necessary."

Susswein is lobbying for tighter restrictions on how credit card companies target students. Last March, she testified before the House subcommittee on consumer credit on behalf of Bankcard Holders of America (BHA), a non-profit consumer advocacy group.

Students' mailboxes are flooded with letters from credit companies making these cards seem like the keys to freedom. A Citibank advertisement states "no need for a job or cosigner" and suggests using the credit card to pay for spring break in Florida.

Credit card advertisements are posted in classrooms, put in students' bag when they buy books and inserted in with the college newspaper.

These advertisements might not have as much of an impact if students were taught about credit cards in high school. Susswein also lobbied congress to start more educational programs.

"No where in our school curricula are students required to learn about basic finance," she told the House sub committee. "If our parents don't know or don't teach us, we are expected to pick up this vital information hit or miss - and too often it's miss."

Susswein discussed one case referred to BHA in which a student had accumulated more than \$25,000

worth of debt on his creda just in his freshman year. So he was still receiving off more credit cards when he ready delinquent on his

Crawley understands the lem firsthand. When he gas more than four years ago, accumulated more than selection three credit cards his first credit card as a sopl when Alpha Sigma Alpha was offering pre-approved cards to college students as raiser. He received a Discora Mastercard the next year mail.

"I used the cards for for maintenance and once for a ticket," Crawley said. couldn't pay it off every ma it built up."

After college his first p television station did not pa so he had to continue living cards.

Because of his exper Crawley feels students do not credit cards.

"If a student needs a card," he said. "It should be through the parents and with ing higher than a \$500 limit

There is little chance industry self-regulating thou College Credit Card Corp., ing marketer of credit cards dents, estimates that card are earning \$16.5 million ay every 100,000 student cards more than \$10 million of whinterest income.

Education is key to n students more financially n sible, Susswein said.

"College students with no assets, no income, no creatory, and no means of supp themselves are eligible for cured credit. And in some quite a bit of credit," Susswei

Radford believes in wh calls the "golden rule of cred students and anyone else credit card.

"Never owe more than 2 cent of your income, or who can pay off in three months said.

Angel Tree gives to the less fortunate

Stacey Ward
Staff Reporter

An "Angel Tree," presented by Lambda Chi Alpha, has been set up in Alamance Rotunda.

From Nov. 16 until the end of classes, students and staff have the opportunity to choose an "angel." Individuals from the Elon and Burlington areas are invited to participate.

The "Angel Tree," in its third year, is a program where participants pick an "angel" card from the tree and buy a gift for that child. There are gift suggestions on the card. The fraternity works with the Salvation Army in order

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to provide gifts for less fortunate children.

Participants should put wrapped presents underneath the tree. Lambda Chi Alpha takes all of the presents collected to the Salvation Army. The gifts are distributed to the children on Christmas.

"I think it's a wonderful spirit of Elon College. Everyone's chipping in and getting into the spirit," said Pete Peterson, Lambda Chi Alpha adviser.

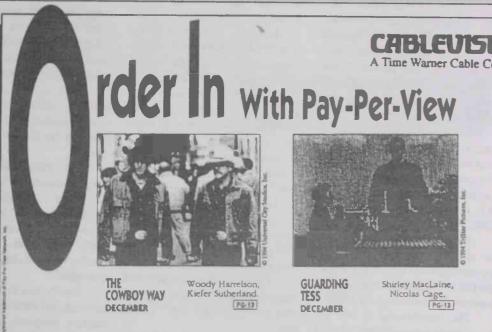
In 1992, Lambda Chi Alpha member Richard Campbell started the "Angel Tree" at Elon. The first year, the fraternity collected about 50 gifts. As the idea caught on the group ended up with hundreds of gifts, said Peterson.

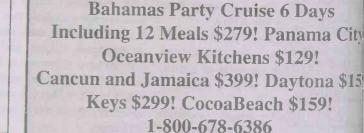
The "Angel Tree" has been on the master calendar since August. However, most of the preparation took place about four weeks ago, said Lambda Chi Alpha President Whitney Newton.

The fraternity expects a decent response, because Newton said, people remember it from last year.

"It creates the opportunity for Lambda Chi Alpha to recognized for its philanthropies. Also, it gives more Christmas spirit to people who otherwise wouldn't have as much," Newton said.

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