

Education News & Notes

Graduate Students Need More Credit Education

(NAPSA)—Now more than ever, men and women are seeking graduate and professional degrees to advance their careers. The payoff can be significant: Individuals with a master's degree earn on average \$1.8 million more over their lifetime than do those with just a high school diploma, while those with professional degrees earn almost three times as much as high school graduates earn over their working lives.

At the same time, a new study suggests that in addition to earning an advanced degree, graduate and professional students also need an ongoing educational lesson on budgeting and managing their money.

"By and large, these are savvy students who have undoubtedly weighed the benefits and costs associated with a graduate education and have elected to attain an advanced degree to better themselves and increase their earning potential," says Marie O'Malley, spokeswoman for Nellie Mae, a leading originator of federal and private education loans and the company that conducted the study.

"However, their responses and behaviors indicate that many of them still need information on reducing credit card debt, financing graduate school and managing money," she says.

Findings from "Graduate Students and Credit Cards in 2006: An Analysis of Usage Rates and Trends" show that older graduate students carry nearly twice as much credit card debt as their younger counterparts, with just 20 percent of all respondents paying off their credit card bills in full



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each month. Moreover, the average outstanding balance on credit cards held by graduate students has increased 10 percent in four years to \$8,612.

The study sheds light on the fact that increasing numbers of graduate students use credit cards to finance their education. An overwhelming majority—94 percent—said they used credit cards to pay for some portion of their direct education expenses, primarily textbooks. Twenty-eight percent admitted paying for some portion of their tuition with credit cards. O'Malley warns that this may be unwise, since variable interest rates on credit cards average more than 14 percent, according to Bankrate.com.

"Student loans are a much wiser financing choice for qualified education expenses than credit cards, because the loans offer built-in deferment options, low [often subsidized] interest rates, and financial incentives for making on-time payments," she said.

"Graduate Students and Credit Cards in 2006: An Analysis of Usage Rates and Trends" is available online at www.nelliemae.com.