College Life

Tips On Managing Credit Card Debt

(NAPSA)—A lesson that many college students learn too late is that nothing is free—especially credit card purchases.

A recent survey revealed that four in 10 people have signed up for a credit card to receive a free gift or special offer. More than half of those respondents—52 percent—left college with credit card debt.

The survey was commissioned by TrueCredit.com and was conducted by Zogby International.

According to a 2007 study by student-loan provider Nellie Mae, the average credit card debt for college students is about $2,748. Making minimum payments, it would take nearly 18 years and an additional $2,506.01 in interest, at a rate of 15 percent, to pay off the debt.

"Credit card debt impacts more than just your wallet today. It can also affect your credit score well beyond your college years," explains Lucy Duni, vice president of consumer education at TransUnion's TrueCredit.com. "The good news is students who understand their spending limits, adhere to a budget and make payments on time can build a solid foundation for future financial success." Here are some tips:

• Students need to understand exactly where their finances stand. Regularly reviewing financial statements, along with their credit reports from all three credit-reporting companies, is a good way to understand where they stand at any given time.

• Negative records such as late payments and collection accounts can remain on credit reports for seven years. Students can keep their future finances healthy by avoiding these problems from the beginning.

Students can successfully manage their finances and avoid credit card debt by understanding where their finances stand and creating a monthly budget.

• Creating a monthly spending plan can help students understand how much they need to pay toward their debts and how much they can afford to splurge. They should focus on paying off high-interest credit card debts as soon as possible.

• Prepare for emergencies by building up enough savings to cover expenses for two to three months. If they find themselves out of a job or unable to pay back their debts, graduates should immediately call their creditors and lenders to explain the situation. Many federal loan programs have deferment and forbearance programs.

• Consider loan consolidation options. Often, students who consolidate within six months of graduation or who sign up for automatic payments can save even more.

To learn more about managing credit, visit www.TrueCredit.com.