and taking classes at another institution. Fredonia (the home institution) requires that the student complete the following steps before aid can be disbursed for classes taken at the visited college, e.g., the host institution:

- Apply for all financial aid at Fredonia by completing the FAFSA and TAP application.
- Complete the Visiting Student Consortium Agreement (Part 1) and submit it to the Financial Aid Office at the host institution.
- Complete Fredonia's Transfer Credit Approval form and submit it to the Registrar for approval. Be sure to check the box on this form to have a copy forwarded to the Financial Aid Office.
- Request verification of enrollment from the host institution and submit it to the Financial Aid Office at Fredonia.

## *Direct loan consolidation*

There may be advantages to consolidating (combining) your Federal student loans into one loan, starting with the convenience of making a single monthly payment. Consolidation generally extends the repayment period, resulting in a lower monthly payment. This may make it easier for you to repay your loans. However, you will pay more interest if you extend your repayment period through consolidation. Contact the Direct Loan Consolidation Center for more information about loan consolidation at **1-800-557-7392**. or visit the web at https://studentaid.ed.gov/sa/repay-loans/consolidation.

## *Financial literacy*

### Managing your credit

Each of us has goals and dreams for our future, our lives and ourselves. One item that can make achieving our goals and dreams easier is being an educated consumer about credit and having good credit. How can this knowledge be helpful for a student? Knowing your debt or debt load, your credit score (FICO®), and managing your credit can assist with various new chapters in your life after graduation such as buying a car, purchasing a home, getting married or planning to have a child.

## Debt load

### What is debt load?

Debt load is a term that is used to describe a consumer's amount of debt. It is often used to understand if you are carrying a "safe" amount of credit. Creditors look at a debt/income ratio, comparing your income with your outgo to analyze whether you have too much debt. The debt/income ratio is figured monthly and reveals either how good or bad your financial picture is on a day-to-day basis.

You can figure this ratio for yourself. Add all of your non-housing monthly payments, except for your utilities and taxes. Then compare that total with your total gross annual wages divided by 12. If you don't have fixed monthly payments on revolving debts such as credit cards, you can estimate your monthly payments at 4% of the total amount you owe. When you divide your monthly debt payments by your total monthly income, you will get your monthly non-housing debt/income ratio. It is usually expressed as a percentage, so move the decimal point two places to the right.

Example:

-Gross monthly income is $2,000

-Monthly debt is $500 (credit card payments, gasoline bills and car payments, student loans)

-$500/$2,000 = 25%

-Your debt/income ratio is 25%

### Rule of thumb

If your non-housing debt is 10% or less, you're in great financial fitness. If your non-housing debt is between 10%-20%, then you'll probably be able to get credit, but as you approach 20%, you're getting too high!

There have been many attempts to devise formulas for setting limits on the amount of real estate debt one should carry. One rule of thumb is 2 (or 2½ to 3) times your annual income. If the annual household income is $70,000, a mortgage company might loan up to $210,000, provided the house is worth the money and the other credit factors are satisfactory. However, be careful. Just because a lender may be willing to extend credit doesn't mean that you should necessarily borrow that amount. You should also factor in your own specific fixed and variable expenses to determine your own ability to pay. How much you spend on real estate may depend on what area of the country you live in. Remember, if you're high on the real estate debt, you may want to be lower on the debt/income ratio to compensate.

## Card options

### Credit cards vs. debit cards

Deciding when to use your debit card and when to use your credit card isn't a frivolous decision. A credit card is a "buy-now, pay-later" tool. A debit card is a "buy-now, pay-now" tool. Both cards can play major roles in your money-management plan.

A debit card is linked to your checking and/or savings accounts – in banking terms, deposit accounts. When you use a debit card, money is subtracted from your deposit account, generally a checking account. In contrast, a credit card is an unsecured loan that a financial institution provides to you as a payment convenience. Using a credit card means that you intend to repay the amount – plus interest if you do not repay the balance in full each month.

### Advantages and disadvantages

Credit has both advantages and disadvantages. By using it wisely, you can capitalize on the advantages and reduce the disadvantages.

### Advantages

- Ability to buy needed items now
- Don't have to carry cash
- Creates a record of purchases
- More convenient than writing checks
- Consolidates bills into one payment

### Disadvantages

- Higher cost of items (interest and finance charges)
- May include additional fees also
- Financial difficulties may arise if you lose track of how much you spend each month
- Provides an avenue for increased impulse buying

## Three basic types of credit

### Single-payment credit

Items and services are paid for in a single payment, within a given time period after the purchase. Interest is usually not charged. Examples include utility companies, medical services and some retail businesses.

### Installment credit

Merchandise and services are paid in two or more regularly scheduled payments of a set amount. Interest is included. Examples include some retail businesses, such as car and appliance dealers, as well as commercial banks, consumer finance companies, savings and loans, and credit unions. Money may also be loaned for a special purpose, with the consumer agreeing to repay the debt in two or more regularly scheduled payments.

### Revolving credit

Many items can be bought using this plan as long as the total amount does not go over the credit user's assigned dollar limit. Repayment is made at regular time intervals for any amount at or above the minimum required amount. Interest is charged on the remaining balance. Examples include retail stores' credit cards and financial institutions that issue credit cards.

## About credit reports

### Credit reporting agencies

Credit reporting agencies maintain files on millions of borrowers. Lenders making credit decisions buy credit reports on their prospects, applicants and customers from the credit reporting agencies.

Your report details your credit history as it has been reported to the credit-reporting agency by lenders who have extended credit to you. Your credit report lists what types of credit you use, the length of time your accounts have been open, and whether you've paid your bills on time. It tells lenders how much credit you've used and whether you're seeking new sources of credit. It gives lenders a broader view of your credit history than do other data sources, such as a bank's own customer data.

### Creating your credit report

Your credit report does not really exist until you or a lender asks for it. It is then compiled by the credit reporting agency based on the information stored in that agency's file. This information is supplied by lenders, by you and by court records.

Tens of thousands of credit grantors – retailers, credit card issuers, banks, finance companies, credit unions, etc. – send updates to each of the credit reporting agencies, usually once a month. These updates include information about how their customers use and pay their accounts.

Your credit report reveals many aspects of your borrowing activities. All pieces of information should be considered in relationship to other pieces of information.

### Credit score

- The importance of any factor depends on the overall information in your credit report. For some people, a given factor may be more important than for someone else with a different credit history. In addition, as the information in your credit report changes, so does the importance of any factor in determining your score. Therefore, it's impossible to measure the exact impact of a single factor without looking at your entire report – even the levels of importance shown in the diagram below are for the general population, and will be different for different credit profiles.
- Your FICO® score only looks at information in your credit report. Lenders often look at other information when making a credit decision, however, including your income, how long you have worked at your present job and what type of credit you are requesting.
- Your score considers both positive and negative information in your credit report. Late payments will lower your score, but establishing or re-establishing a good track record of making payments on time will tend to raise your score.

### A few items to consider:

- 35% of your score is based on payment history
- 30% of your score is based on amount owed
- 15% of your score is based on length of credit
- 10% of your score is based on type of credit
- 10% of your score is based on credit inquiries

**What is not in your credit score**

- **Your race, color, religion, national origin, sex and marital status.** US law prohibits credit scoring from considering these factors, as well as any receipt of public assistance, or the exercise of any consumer right under the Consumer Credit Protection Act.
- **Your age.** Other types of scores may consider your age, but FICO® scores don't.
- **Your salary, occupation, title, employer, date employed or employment history.** Lenders may consider this information however, as may other types of scores.
- **Where you live.**
- **Any interest rate being charged on a particular credit card or other account.**
- **Any items reported as child/family support obligations or rental agreements.**
- **Certain types of inquiries (requests for your credit report).** The score does not count "consumer-initiated" inquiries – requests you have made for your credit report in order to check it. It also does not count "promotional inquiries" – requests made by lenders in order to make you a "pre-approved" credit offer – or "administrative inquiries" – requests made by lenders to review your account with them. Requests that are marked as coming from employers are not counted either.
- **Any information not found in your credit report.**
- **Any information that is not proven to be predictive of future credit performance.**
- **Whether or not you are participating in a credit counseling of any kind.**

Under Federal Law, you have the right to receive a free copy of your report once every 12 months from each of the three nationwide consumer-reporting companies (Trans Union, Equifax and Experian). You can order your free annual credit report by visiting **www.annualcreditreport.com**.

Lenders review credit scores (FICOs) to determine interest rates and if you will receive credit. FICOs range from 350 to 850 – a higher score means you are more likely to repay the loan.

It is important to check your report on a periodic basis to protect yourself from identity theft. This will allow you to validate the accuracy of your information and protect against potential fraudulent activity on your accounts. If you notice any inconsistencies on your report, you only need to notify one agency and they will share the information with the other two credit bureaus.

**You can contact each of the three major credit bureaus:**

**Equifax**
To report fraud, call 1-800-525-6285 or write P.O. Box 740241, Atlanta, GA 30374-0241.

For the hearing impaired, call 1-800-255-0056 and ask the operator to call the Auto Disclosure Line at 1-800-685-1111 to request a copy of your report.

**Experian**
To report fraud, call 1-888-397-3742 or write P.O. Box 9530, Allen, TX 75013 TDD: 1-800-972-0322

**Trans Union**
To report fraud, call 1-800-680-7289 or write: Fraud Victim Assistance Division, P.O. Box 6790, Fullerton, CA 92634 TDD: 1-877-553-7803

Money. It is an important and challenging concept, however, if we understand our debt, credit, and credit score, we become better-educated consumers for the future.

* Sources:
www.mtb.com – M&T Bank website
www.practicalmoneyskills.com – Visa® website
www.hesc.ny.gov – HESC

## Direct to consumer loans and marketing efforts to be wary of

- **It is important to do a thorough investigation of any loans or lenders** that you are considering for alternative loan financing.
- **Be aware that many lenders directly market to students** via direct mail, phone calls, television ads, radio ads and online promotions. These loans may have high fees and high interest rates that come with a high price tag for funding your college education.
- Be suspect of any offer or mailing that looks like it is coming from the Federal government, as these are usually private companies. **The Federal government doesn't send promotional mailings.**
- Make sure you **exhaust all Federal loan options** before you take out a private/alternative loan. Federally-funded loans are low-cost, fixed-interest rate loans.
- **Check with the Better Business Bureau** for any complaints registered against the loan company you are considering taking a loan with.
- **Be a smart consumer and investigate several loan options.** Just because you found them on the Web or the company has paid for a TV commercial does not mean they are the best lender to take a loan with. It means they paid for the advertising.
- Be wary of companies offering gift cards, sweepstakes, referral fees, or fake checks to get you take out their student loan. **Usually if it sounds too good to be true, it is.**
- **Be aware of the tax implications for taking alternative loans that are not certified by the Financial Aid Office.** Interest expenses for student loans are deductible when used for educational purposes, which are defined as expenses that are certified under the cost-of-attendance formula used by Financial Aid Office. The interest paid on a non-certified, private loan is not tax deductible.

## Budgeting

Many college students have little to no experience handling money and find the prospect of creating (and sticking to!) a budget more daunting than a semester of calculus. Students often receive money in large chunks, either from loans, education savings plans, or summer job savings. A budget can deter students from the temptation to spend big early on, while struggling to pay bills later.

Creating a budget plan is an important step every student can take to assess and maintain financial wellness. Use the budget worksheet below to set up a financial plan that you can stick to. Although this may be the first time creating a budget, establishing awareness of your finances will help you to become more efficient in the future!

The following guidelines should be used to review the amount of debt you can comfortably handle compared to your monthly income.

| | |
|---|---|
| 10-15% | Well within acceptable guidelines |
| 15-20% | Caution! Do not assume additional debt |
| Over 20% | Danger! Enlist help in reviewing your circumstances. Discuss with your financial aid counselor or call Consumer Credit Counseling Service |

| Category | Monthly Budget | Semester Budget | School Year Budget |
|---|---|---|---|
| **Income:** | | | |
| From Jobs | | | |
| From Parents | | | |
| From Student Loans | | | |
| From Scholarships | | | |
| From Financial Aid | | | |
| Miscellaneous Income | | | |
| **Income Subtotal:** | | | |
| **Expenses:** | | | |
| Rent or Room & Board | | | |
| Utilities | | | |
| Telephone | | | |
| Groceries | | | |
| Car Payment/Transportation | | | |
| Insurance | | | |
| Gasoline/Oil | | | |
| Entertainment | | | |
| Eating Out/Vending | | | |
| Tuition | | | |
| Books | | | |
| School Fees | | | |
| Computer Expense | | | |
| Miscellaneous Expense | | | |
| **Expenses Subtotal:** | | | |
| **Net Income (Income less Expenses)** | | | |

*http://financialplan.about.com/od/moneyandcollegestudents/l/blcollbudget.htm

## Direct Loan Interest Rates Chart and Payment

### Loan Repayment Chart

| Term | Loan Balance at Time of Repayment | Number of Payments | 3.00% Repayment APR Monthly Payment | 3.00% Repayment APR Total Interest Paid | 5.00% Repayment APR Monthly Payment | 5.00% Repayment APR Total Interest Paid | 7.00% Repayment AP Monthly Payment | 7.00% Repayment AP Total Interest Paid | 8.00% Repayment APR Monthly Payment | 8.00% Repayment APR Total Interest Paid | 9.00% Repayment APR Monthly Payment | 9.00% Repayment APR Total Interest Paid |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10-Year Term | $1,000 | 20 | $51 | $26 | $52 | $44 | $53 | $62 | $54 | $71 | $54 | $81 |
| | $5,000 | 108 | $53 | $711 | $58 | $1,220 | $63 | $1,753 | $65 | $2,030 | $68 | $2,313 |
| | $10,000 | 120 | $97 | $1,587 | $106 | $2,728 | $116 | $3,933 | $121 | $4,560 | $127 | $5,202 |
| | $15,000 | 120 | $145 | $2,381 | $159 | $4,092 | $174 | $5,899 | $182 | $6,839 | $190 | $7,801 |
| | $20,000 | 120 | $193 | $3,174 | $212 | $5,456 | $232 | $7,866 | $243 | $9,119 | $253 | $10,402 |
| | $25,000 | 120 | $241 | $3,968 | $265 | $6,819 | $290 | $9,832 | $303 | $11,398 | $317 | $13,003 |
| | $30,000 | 120 | $290 | $4,762 | $318 | $8,184 | $348 | $11,800 | $364 | $13,678 | $380 | $15,604 |
| | $50,000 | 120 | $483 | $7,936 | $530 | $13,640 | $581 | $19,665 | $607 | $22,797 | $633 | $26,006 |
| 15-Year Term | $10,000 | 180 | $69 | $2,431 | $79 | $4,234 | $90 | $6,178 | $96 | $7,203 | $101 | $8,257 |
| | $15,000 | 180 | $104 | $3,646 | $119 | $6,352 | $135 | $9,268 | $143 | $10,803 | $152 | $12,385 |
| | $20,000 | 180 | $138 | $4,862 | $158 | $8,469 | $180 | $12,359 | $191 | $14,403 | $203 | $16,513 |
| | $25,000 | 180 | $173 | $6,077 | $198 | $10,856 | $225 | $15,448 | $239 | $18,004 | $254 | $20,643 |
| | $30,000 | 180 | $207 | $7,291 | $237 | $12,703 | $270 | $18,537 | $287 | $21,606 | $304 | $24,770 |
| | $50,000 | 180 | $345 | $12,152 | $395 | $21,172 | $449 | $30,894 | $478 | $36,009 | $507 | $41,283 |

Controlling your expenses over the next four years will put you in a much better place to step out on your own! Review your budget annually and make adjustments before they get too big to tackle. Attend financial literacy sessions on campus that deal with credit cards, credit scoring and identity theft. And don't miss the entrance and exit counseling sessions on student loans. You'll learn repayment options and learn what to expect as monthly payments.

Only borrow student loans up to the amount you need – not the maximum you are eligible for! Remember, the purpose of student loans is to pay for education, not to pay for personal expenses.

## Loan Default

Default, or failure to repay a loan according to the terms of the promissory note, can have serious legal consequences for student loan defaulters. Be responsible in order to avoid any of these consequences:

- Your entire loan balance – both principal and interest – could be due in full immediately
- Federal and State tax refunds can be withheld and applied to student loan debt; a portion of your wages may be garnished
- College records may be placed on hold, loan deferment options and Federal student aid will be lost
- Your credit rating will be damaged, your account may be sent to a collection agency, and you may not be able to obtain a professional license

## 5 Things You Should Know About Checks and Checking Accounts

1. Shop around for a good deal, preferably an account without a monthly maintenance fee. Banks usually offer several accounts to choose from with different features, fees, interest rates, opening balance requirements and so on. And remember that what's good for your parents or your friends may not be best for you.
2. Keep your checkbook up to date by recording all transactions, including ATM withdrawals, bank fees, purchases you make using a debit card, and any other deductions that do not involve writing a check. Also promptly compare your checkbook with your monthly statement or review your account information online or by telephone.
3. Avoid "overdrawing your account," which can happen if you write a check or otherwise attempt to withdraw (by mistake) more money than you have in your account. It also is possible to overdraw your account using your debit card at the ATM or when making a purchase. These transactions can be costly.
4. Consider Internet (online) banking. This service allows you to make payments or move money from one account to another through your bank's website instead of (or in addition to) writing and mailing paper checks. This saves on the costs of postage and buying paper checks. Online banking also allows you to monitor your account without having to wait for a statement in the mail.
5. Pay attention to your bank statements. Immediately report any errors or unauthorized transactions (to protect yourself from accusations that you were negligent in managing your account). Look at your statement as soon as possible after it arrives in the mail or monitor your account more regularly on the Internet or through your bank's telephone banking service.

## Identity Theft

**If you suspect your identity has been stolen:**

Take the following four steps as soon as possible, and keep a record with the details of your conversations and copies of all correspondence.

**1. Place a fraud alert on your credit reports, and review your credit reports.**

Fraud alerts can help prevent an identity thief from opening any more accounts in your name. Contact the toll-free fraud number of any of the three consumer reporting companies below to place a fraud alert on your credit report. You only need to contact one of the three companies to place an alert. The company you call is required to contact the other two, which will place an alert on their versions of your report, too. If you do not receive a confirmation from a company, you should contact that company directly to place a fraud alert.

**Equifax:**

1-800-525-6285; www.equifax.com;
P.O. Box 740241, Atlanta, GA 30374-0241

**Experian:**

1-888-397-3742; www.experian.com;
P.O. Box 9532, Allen, TX 75013

**TransUnion:**

1-800-680-7289; www.transunion.com;
Fraud Victim Assistance Division, P.O. Box 6790,
Fullerton, CA 92834-6790

**2. Close the accounts that you know, or believe, have been tampered with or opened fraudulently.**

Call and speak with someone in the security or fraud department of each company. Follow up in writing, and include copies (NOT originals) of supporting documents. It's important to notify credit card companies and banks in writing. Send your letters by certified mail, return receipt requested, so you can document what the company received and when. Keep a file of your correspondence and enclosures.

**3. File a complaint with the Federal Trade Commission.**

You can file a complaint with the FTC using the online complaint form; or call the FTC's Identity Theft Hotline, toll-free: 1-877-ID-THEFT (438-4338); TTY: 1-866-653-4261; or write Identity Theft Clearinghouse, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. Be sure to call the Hotline to update your complaint if you have any additional information or problems.

**4. File a report with your local police or the police in the community where the identity theft took place.**

Call your local police department and tell them that you want to file a report about your identity theft. Ask them if you can file the report in person. If you cannot, ask if you can file a report over the Internet or telephone.

**Protect your identity**

When it comes to identity theft, you can't entirely control whether you will become a victim. But there are certain steps you can take to minimize recurrences.

- Guard your Social Security number; protect your PINs, passwords and account numbers.
- Secure personal information in your home, especially if you have roommates.
- Don't give out personal information on the phone, through the mail, or on the Internet unless you've initiated the contact or are sure you know who you're dealing with.
- Treat your mail and trash carefully; shred documents and call 1-888-5-Opt-Out.
- Don't carry your SSN card; leave it in a secure place.
- Monitor your account statements and credit report.
- Cancel unused credit cards.
- Be careful of phishing.

**Fast facts**

The FTC estimates that as many as 9 million Americans have their identities stolen each year. Unfortunately, many consumers learn they their identity has been stolen after some damage has been done.

**Identity Theft Hotline: 1-877-ID-THEFT**

## My educational semester budget plan

**Enter college charges for semester**

| | |
|---|---|
| Tuition | ________ |
| Fees | ________ |
| Room | ________ |
| Board | ________ |
| Debit (Campus Bookstore) Account | ________ |
| **Total expenses** | ________ |

## Enter authorized financial aid for the current semester

(From Financial Aid Award Letter)

**Loans**

| | |
|---|---|
| Subsidized Stafford Loan | ________ |
| Unsubsidized Stafford Loan | ________ |
| Parent Loan | ________ |
| Grad PLUS Loan | ________ |
| Perkins | ________ |
| Other (Alternative) | ________ |

**Grants**

| | |
|---|---|
| TAP | ________ |
| SUNY Tuition Credit | ________ |
| Pell | ________ |
| TEACH | ________ |
| SEOG | ________ |
| EOP | ________ |
| Other scholarship | ________ |
| **Total financial aid** | ________ |

| | |
|---|---|
| Total Expenses (from above) | ________ |
| Less Total Financial Aid | – ________ |
| **Balance due for semester** | ________ |

## *Questions and answers*

**Q: How and when will I receive my eBill from the university?**

**A:** *Fredonia does not send paper billing statements. Instead, you are notified by email and text message (if enrolled) when bills are posted. If you choose to, you can print out the official statement through your secure eBill link. You should also give access to "authorized users" who may be paying bills on your behalf.*

If you have pre-selected courses for the upcoming semester, you will receive your first eBill approximately five weeks prior to the start of the semester. The eBill for students who late register for courses will be generated during the first week of the semester. Email notification will be sent to your Fredonia email address and to any email addresses you or your authorized users may have added to your profile. The email will contain a link to access your secure account information. Read your Fredonia email regularly for official correspondence from university offices.

**Q: What information is included on the eBill I receive from the university?**

**A:** The eBill will include charges based upon your selected courses and requests for meals, housing and debit accounts made prior to the billing date. The eBill will also list any authorized (actual) financial aid which you may use to defer your payment. Your admissions and room deposits, as well as any other pre-payments you make ahead of time, will also be listed.

**Q: When is payment due?**

**A:** The due date will be on your eBill and generally falls on the 15th day of the following month. Remember, a $30 late payment fee will be assessed for payments not received by the due date. Payments can be made using MasterCard®, Visa®, Discover®, American Express® or your bank account information online by accessing your secure eBill/ePayment site.

**Q: Is it possible to make partial payments to the university?**

**A:** In order to avoid a late administrative fee, you must pay the entire amount of your university charges that are not covered by authorized financial aid deferments or advance payments. If your financial aid is not in place by the due date or if you choose to make a partial payment, select one of the Fredonia Installment Payment Plan options. Any changes to your account will automatically adjust your remaining payments. For more information about payment options, please contact the Student Accounts Office at (716) 673-3236 or visit their website at www.fredonia.edu/admin/studentaccounts.

**Q: What happens when my account is NOT paid in full by course selection for the following semester?**

**A:** Following SUNY policy, a HOLD is placed on a student's records preventing course registration for a new term and withholding official transcripts (including diplomas) until all financial obligations have been paid. You can view your hold status via *Your Connection*. Holds are posted to students' accounts prior to the start of course registration for the next semester and are removed once direct institutional charges are paid in full.