

## THE BILLING AND PAYMENT PROCESS MANAGING CREDIT AS A COLLEGE STUDENT

If your mailbox is not already full of credit card offers, it soon will be! Credit card issuers often solicit college students - they want to get their credit cards in your hands because you are likely to keep your first credit card for a very long time. Because of the many opportunities you will be presented with to establish credit, it is important that you understand and manage your credit wisely. Decisions you make today about credit can affect you for years to come.

First, it is recommended that you acquire a copy of your credit report to ensure that it is accurate. There are three major credit bureaus that may maintain a file on you so you should contact all three. Their URL's are:

- Equifax - [www.equifax.com](http://www.equifax.com)
- Experian - [www.experian.com](http://www.experian.com)
- Trans Union - [www.tuc.com](http://www.tuc.com)

There are a number of different types of credit accounts that may be presented to you as you begin to establish credit. These may include:

- **Revolving Agreements** – The consumer chooses either to pay in full each month or make a partial payment based on the outstanding balance. Often these accounts are issued as credit cards from department stores, gas/oil companies, or banks.
- **Charge Agreements** – The consumer promises to pay the balance in full each month and therefore pays no interest charges. Charge accounts with local businesses often require payment on this basis.
- **Installment Agreements** – The consumer signs a contract to repay a fixed amount of credit in equal payments over a specified period of time. Automobiles, furniture and major appliances are often financed this way. The Rutgers University Tuition Payment Plan, RUTPP is an installment agreement. Visit us at <http://www.newarkbusinessoffice.rutgers.edu>, click on Term Bill Information, Student Billing then Payment Options for additional information on this option.

For revolving agreements, and credit cards specifically, you can easily lose track of how much you have spent by the time the bill arrives. If you do not pay the bill in full each month, you will likely pay finance charges on the unpaid balance. If you continue to charge while carrying an outstanding balance, your debt can snowball out of control – minimum payments begin to cover only the interest and before you know it, you can get behind. This can tarnish your credit and prevent you from getting a home, car, insurance or even a job!

If you choose to get a credit card, use it wisely. Start off small and do not charge more than you can pay off in full each month. Shop around to make sure you get the best deal available to you. Things to look for include the:

- **Annual Percentage Rate (APR)** – The APR is a measure of the cost of credit expressed as a yearly interest rate. APR takes into account the actual periodic rate used to calculate finance charges for each billing period as well as other fees the issuer may require you to pay.

- **Grace Period** – This is the time between the date of purchase and the date interest begins to accrue on the purchase. You can avoid finance charges by paying your current balance in full each month.
- **Annual Fees** – Many card issuers charge an annual fee which can run from \$0 to as much as \$55.
- **Transaction Fees** – Some issuers charge a fee for a cash advance, late payments, or exceed your credit limit. Some also charge a minimum fee each month, whether you use the card or not.

For more information about credit and how to manage it wisely, consult the Federal Trade Commission at [www.ftc.gov](http://www.ftc.gov). Also, you may access the Consumer Information Catalog listing over 200 booklets on many subjects, including credit, at the Consumer Information Center found at [www.pueblo.gsa.gov](http://www.pueblo.gsa.gov).

*Source: "Credit Matters", Consumer Information Center, Revised August, 2000*