

ARE YOU CREDIT WISE?

EXAMPLE PRESENTATION SCRIPT

The following is an example script for the *Are You Credit Wise?* presentation.

(Slide 1)

Hi, my name is _____ and I'm a Junior studying _____. I'm here today to talk about smart money management.

I'm sure it's everyone's favorite discussion topic. But, we promise over the next 30 minutes you will learn a lot and might even have a little fun. This workshop is part of the "Are You Credit Wise?" peer education campaign developed by MasterCard Worldwide.

Before we begin, I wanted to highlight exactly what we want you to take away from this presentation.

- First and most important -- HOW to Budget
- Second, HOW to deal with your credit card or cards
- Third, HOW to read and obtain your credit report

Speaking of credit cards, I wanted to take a quick survey of the room.

Raise your hand if you:

- Have one credit card?
- Have more than one credit card?
- Have \$100 debt on your credit card right now?
- Have between \$100- \$500 debt on your card?
- Lastly, have between \$500 - \$1000 debt on your card?

I won't even ask who has more than \$1000 debt on their credit cards, because I don't feel like raising my hand right now.

For those of you who have \$1000 on you credit cards: How long do you think it will take you to pay off that \$1000 if you only make the minimum payment each month?

(Slide 2)

That's right. It can take as many as 5 years to repay. Repeatedly making minimum payments increases the time it takes to pay off and nearly doubles the amount you'll actually pay because of interest.

(Slide 3/4)

I want to ask everyone a few questions –

- Do you pay bills late or skip payments?
- Do you bounce checks or overdraw your account?
- How about take extra jobs to pay your credit card bills?
- Or use one credit card to pay off another?
- What about call the parents to help pay for credit card bills?

If you answered yes to ANY of these questions – it's time to change how you manage your money. It just takes a little effort – but it will pay off in the end!

(Slide 7)

A few key things to understand:

- Understand what a credit card is – essentially it's money that's been LOANED to you. We all know that credit cards can be great – but they have to be used the right way.

(Slide 8)

Here are a few tips on how to master your credit cards / money ...

Let's talk about summer vacations trips now.

How many of you took a summer vacation?

You, in the blue shirt – what's your name (Bob). Okay Bob, where did you go? Miami

How about you, in the blue top? New York

How did you both pay for your trip this year? Your flight and hotel, etc?

Hopefully one of them will say credit card.

Actually that's VERY common for college students to put their spring break trips on their credit card.

Let's say Bob's Cancun trip is originally \$500 roundtrip airfare, hotel, and complimentary drinks. He really can't afford \$500 but the trip is on-sale because Bob is going with

twenty other young single men. Now its \$400. He really can't afford \$400 but it's such a steal...he can't help it.

So, Bob charged the trip on his favorite credit card. But it's actually not really a great deal for Bob. If he only pays the minimum payment each month it will cost a total of \$614 and will take how many years to repay—5.

Bob will be 25, married, and still be paying for his sophomore year spring break trip.

(Slide 9)

So now that we know what NOT to do — there are a few things key things that we should do...

Budgeting and cash flow --- I know, but it's not as terrible as it sounds. I know some of you think that budgeting is impossible because it's too much math. Trust me, if I can budget—anyone can.

It's important to budget because you will follow your cash flow and balance you budget.

(Slide 11)

It's simple:

1. Write down your MONTHLY income
(After TAXES— include scholarship, \$\$ from parents, etc)
2. SUBTRACT ALL expenses
 - Include EVERYTHING
 - Analyze your habits
 - Take notes for a week on all purchases
 - Don't forget to pay yourself -- SAVINGS

(Slide 12)

Here is a sample budget. It shows all of my fake income, money, and financial aid stuff, because those are all sources of income. It also shows all of the expenses, including the “going out” money and money for clothes and such -- which always seem to drain my expense fund.

(Slide 13)

To balance your budget, cut expenses to make it work on paper and in-person.

Keep track of everything you spend.

I need another two volunteers. Jill and Billy meet at Starbucks a week ago. They are going on their first date tonight. Now I don't know how many of you are aware how much dating can actually cost. Let's plan the perfect date.

What are they going to do?

Who is paying for what?

Any additional costs—ladies (new outfit) guys- (flowers)

Okay. Now – how can Billy and Jill date on a budget.

Cut costs.

Another easy way to cut spending – take a look at how much you spend on eating out ... or coffee. You'll be surprised on how it adds up. (Slide 14)

Sometimes budgeting means we have to make choices. Our wants versus our needs.

Let me put it to you this way—EVERYTHING adds up.

Take my daily coffee habit. Does anyone else have this problem??

- If you spend \$3.50 on coffee every weekday
- In a 5 day week, you will spend \$17.50
- During the month, you will spend over \$70
- Over a year, that totals \$840 in just coffee

That is Bob and his friend Paul's spring break trips with \$40 to spare.

So some of you may be sitting in your seats thinking this is too little too late. You might already be in debt or on your way in debt. Trust me—there is a lot you can do.

(Slide 17, 18)

- Pay more than the minimum
- Don't miss a payment – late fees and interest add up!
- Don't go above your limit – there are usually fees for exceeding your limit.
- Know your interest rate!
- Review your statement carefully each month – check for errors
- There are oftentimes fees associated with cash advances – sometimes higher interest rates.
- Compare interest rate offers!

(Slide 20)

All of what we've learned so far about budgeting, money management, and credit cards is really important to your credit history. Your credit history consists of two important things:

- 1) Credit Report and
- 2) Credit Score

What is a credit report?

It's pretty much an evaluation, like a college transcript, of your credit history and worthiness. Scores range from 350 – 800, the higher the better.

Let me ask, how many of you have ever checked your credit report? How about in the last year?

You should know what's on your credit report. It's really important to check it once a year.

How you manage your finances WILL show up on your credit report. Late payments and non-payments can show up for 7 years.

This might not bother you but it hurt me. I went to purchase my first car this past winter, and I was not able to take out a loan from the car dealership. My credit score caused me all sorts of problems as a result of my mismanagement senior year in high school and

early freshmen year in college. Your credit history can indeed affect your ability to buy a house, a car, and sometimes, even renting an apartment.

(Slide 22)

I have a copy of a sample and very simplified credit report

(Slide 23)

Here are some basics on how to improve your score ...

- Pay your bills on time – creditors report when you're late on your payments
- Keep balances low – the lower your outstanding balances are, the lower your score
- Pay off your debt instead of moving it around and don't open credit cards you don't need or aren't going to use.

(Slides 24 and 25)

Improving your credit score is hard work but in the end it's worth it. You may have seen offers from companies that can "erase" your score – avoid those. They don't work and it's a waste of money.

Another reason to check your credit report each year – you want to make sure it's accurate. If you see any errors, be sure to dispute it right away.

I had a friend who got her credit report and someone was using her name and Social Security number in CA.

To protect you and your credit --

- Never give out your card number
- Make sure your online purchases are secure
- Be sure you know the 1800#s of your bank/credit card issuer, so that you can contact them in case your card is lost or stolen
- College students move a lot – be sure alert creditors, in writing, to your new address

(Slide 26)

Here's where you can get your credit report. Now thanks to the Fair and Accurate Credit Transactions Act (FACT Act), you can now get a free credit report online.

(Slide 27)

To sum up—here is what you should remember

(Slide 28)

For more information:

Check out MasterCard's debt management site at www.debtknowhow.com. There are all sorts of easy-to-use, interactive resources that are available for free.

Does anyone have any questions?