

THE \$OURCE

The Newsletter of Student Financial Services
Summer 2006 Edition

Making the Most of Your Summer Savings

By Amy C. Johnson

Summer means ice tea, lazy days at the beach, and rolling out of bed to get to your summer job. It is all too easy to forget about tuition bills and book costs. But before you spend your summer cash on another pair of sandals or board shorts, think twice about where you are putting those dollars. Saving even a portion of your summer income can make a difference in next fall's tuition bill.

More students are borrowing money to fund their undergraduate education than ever before. Nationally, the number of graduates with more than \$20,000 of loan debt increased from 5% in 1992-93 to 33% in 1999-2000¹. This startling statistic might not mean much to you now, but in a few short years it will be extremely important. There are things you can do to keep your debt manageable. Start by saving your summer earnings. Here are some tips to get you started²:

1) Set Goals

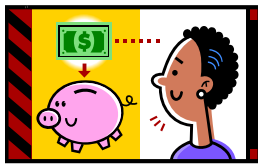
Once you know your summer income, set small and reasonable goals. Even saving \$50 a week can cover fees, books, or Husky Card charges. Stick to your goals. This means not diving in to your savings for "must haves" like the new American Idol CD.

2) Budget Your Spending

A planned budget is the road map to savings. There are many budget tools on-line to help you. Visit www.nelliemae.com or www.collegeboard.com.

3) Use Direct Deposit

Direct deposit can help you in a number of ways. If you don't see the money, you won't miss it. You set your bank up so that some automatically put in savings account. Just sure you leave the money there!



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4) Live like a student.

A popular saying often heard in the financial aid office is, "If you live like a professional when you are a student, you will live like a student when you are a professional." Even if you are making good money, aim to live below your means. You will be so glad you did once you graduate.

Check out www.nelliemae.com/finman for more information on debt management, budgeting, credit cards usage, and minimizing financial struggles and anxiety.

¹ 2000 National Center for Education Statistics' National Postsecondary Student Aid Study

² Adapted from Cool Summer Savings Moves found at <http://www.nelliemae.com/finman/summer.html>.

Identity Theft:

Will the Real John Doe Please Stand Up?

By Aaron Clarke

Identity theft is a hot topic. But what exactly is it? In simple terms, identity theft is making use of someone else's personal information to commit fraud or theft. Despite the Identity Theft and Assumption Deterrence Act of 1998 that made it a federal crime, identity theft is on the rise. In fact, according to the Federal Trade Commission (FTC), identity theft is currently the fastest growing crime. Millions of people are new victims each year and financial loss to consumers is estimated at approximately five billion dollars annually. It often takes years for victims to resolve problems surrounding identity theft.

College students are often easy targets for identity theft because they typically have no (or very little) credit history. Credit card companies send college students many offers for new cards and students don't always dispose of the applications properly. Students also tend to be less vigilant about checking their financial (credit card and bank) statements thoroughly.

Common ways your identity can be stolen:

- Personal information stolen from your home, office, purse, wallet.
- Personal information stolen from your mailbox, trash can, recycling bin.
- Personal information gathered by someone pretending to be from a legitimate company that you do business with (via telephone, email, mail).
- Credit report obtained by someone pretending to be you or someone who does business with you (a landlord or employer, etc.).
- Computer hacking
- Bribing employees of legitimate companies to give out personal information.
- "Shoulder Surfing" (Using camera phone to take photo of your debit/credit card while you are using it).
- Mail stolen by filling out a change of address form with the Post Office and rerouting your mail to a new (bogus) address.



In upcoming issues of The Source, learn how you can prevent your identity from being stolen!

Growing Pains: The Increasing Burden of Student Loan Debt

By Kimberly Huse

Both the overall percentage of students taking on loans and the total amount of these loans are significantly higher than in 1990. According to the College Board's Trends in College Pricing, the average amount of student debt has risen 58% over the last decade. In 2004, the average indebtedness of graduating seniors from public universities was \$17,600 of federal loan debt. Additionally, there has been a sharp increase in the number of non-federal loans being used to cover college costs, the majority of which are from the private sector.



College costs have increased by over 50% since 1990. But high levels of student debt are not just the result of increasing college costs. Policy choices have made more loans, not grant aid, available to students. In 1992, Congress passed the Reauthorization of the Higher Education Act, which increased the amount of money students could borrow under the federal loan program, and changed the definition of need so that it was easier for dependent students to qualify for loans, including unsubsidized loans. As a result, loans now make up over half of financial aid packages, as opposed to one-fifth in the 1970s.

This high level of indebtedness can affect post-grad job options and life choices. A recent study by Nellie Mae found that due to high debt burdens, 38% of student borrowers had to delay buying a home and 30% to delay buying a car. Growing debt burdens over the last decade have occurred alongside the continuing rise in age of first marriage and women delaying motherhood.

A recent report on student debt found that graduates with very low salaries (half of the median individual income in the U.S.) cannot manageably repay their loans while meeting other basic needs. This issue is particularly troublesome as it pertains to two critical public service careers: teaching and social work. The study found that 23% of public four-year students and 33% of private four-year students graduate with too much debt to manageably repay loans as a teacher. For social work, the rates are 37% of public and 55% of private school undergraduates. The prospect of overwhelming debt is deterring graduates from entering and staying in these important careers.

Recent legislative proposals such as variable consolidation rates, increasing loan limits, and extending repayment period lengths do nothing to reduce actual loan debt; in fact they allow students to accumulate high loan burdens. Some suggestions for truly alleviating the growing amount of loan debt include increasing grant funding, eliminating loan origination fees, and improving student awareness programs during the loan process. The creation of special loan forgiveness programs, or offering tax credits to those entering teaching and social work careers could be an incentive for students to remain in these vital fields. If things remain unchanged, the growing burden of student loan debt may call into question whether an undergraduate degree is still worth a student's investment.

Boushey, Heather. 2005. *Student Debt: Bigger and Bigger*. Washington, DC: Center for Economic and Policy Research.

Paying Back, Not Giving Back: Student Debt's Negative Impact on Public Service Sector Opportunities: April 2006. & *Save Our Students from Rising Debt*: March 2004. State PIRG's Higher Education Project.

Meet our Latest Additions

Photos courtesy of LV Marrama

It's always amazing to see how many grads return to the NU community as employees. Just like Brenda-Liz Velez! While a student, she majored in Communications with a concentration in TV/Radio Broadcasting and minored in Film and Cinema Studies. This was perfect for her first position as an Assistant Studio Manager for BNN-TV.



Brenda-Liz's career took a different path when she took a position as Legislative Aide to Boston City Councilor Rob Consalvo. After working with him for several years, she moved into her current position with SFS as Financial Aid Assistant for the Graduate and SPCS divisions. She is also a freelance producer and videographer.

Brenda-Liz's hobbies include playing capoeira and viewing independent films. She also enjoys traveling, open mic poetry, and loves to dance. When asked her favorite part of her new job she says, "The students. Not one is the same. It keeps me on my toes." As a Financial Aid Assistant she hopes to someday completely understand the financial aid process. Good luck!



say, she is now a student employment expert.

Lawrencia assists in presenting the Student Employment Office as an avenue for information regarding jobs for students. She says her favorite part of her job is meeting new students and collaborating with employers to operate and understand the Student Employment computer system. She says, "It brightens up my day when an employer has an illumination on how to use our system, and they realize and acknowledge how useful our system and office are." Thus far, she has found her new job to be challenging but rewarding.

When she is not busy here at NU, Lawrencia likes to cherish the time she has to spend with her family and friends, and go to church. She also enjoys playing the piano and the congo drum.



Burning Questions... This newsletter is for you! Please feel free to let us know what **YOU** want to know... send an email to k.huse@neu.edu and we will be happy to have your questions answered in our next issue.