

Survey Reveals One in Four Students Leave College with More Than \$5,000 in Credit Card Debt

Experts at TrueCredit.com Examine College Debt and the "Cost of Free"

Chicago, August 20, 2008—For college students, applying for a credit card to get a free t-shirt or other perk may seem harmless enough, but poorly managed finances during those college years can lead to significant debt and a bad credit score years after that t-shirt is worn and discarded. A recent survey commissioned by TrueCredit.com and conducted by Zogby International found nearly one in four respondents (23 percent) left school with more than \$5,000 in credit card debt. In fact, one in 10 respondents indicated they owed more than \$10,000 for purchases made with credit cards.

"In college, I signed up for every credit card that was offered to me, so I left school with student loans and more than \$3,000 in credit card debt," said 1999 college graduate Ken Kearney of Chicago, Ill. "It took me nearly nine years to repair the financial damage."

The TrueCredit.com survey also 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.

According to a 2007 study by student-loan provider Nellie Mae, the average credit card debt for college students is about \$2,748. For a person that makes 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 their 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, director 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." The following guidelines can help in those efforts:

- 1. Understand finances** - 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.
- 2. Watch for danger signs** - Negative records such as late payments and collection accounts can remain on credit reports for 7 years. Students can keep their future finances healthy by avoiding these problems from the beginning. Library, cell phone and video store late fees can sometimes be turned over to collection agencies who may then report them to the credit reporting companies. So graduates should keep an eye out for these as well.
- 3. Create a spending plan** - Developing 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. Generally, low interest rates make it possible for graduates to spread their student loan payments over the life of the loan, but they should focus on paying off high interest credit card debts as soon as possible.
- 4. Prepare for emergencies** - A few preparations for the worst-case scenario can help students and recent graduates avoid financial problems in an emergency. To start, they

should build up enough savings to cover their 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 that allow borrowers to put their debts on hold temporarily.

- 5. Consider consolidating** - Look into your loan consolidation options. Often, students who consolidate within six months of graduation or who sign up for automatic payments can save even more.

To see more detailed results from the TrueCredit-commissioned survey and learn more about managing credit, visit the TrueCredit.com Learning Center.

Study Methodology

Zogby International was commissioned by TrueCredit.com to conduct an online survey from July 30 to August 4, 2008 of 3,631 college grads or those who have attended some college, aged 22-40. A sampling of Zogby International's online panel, which is representative of the adult population of the US, was invited to participate. Slight weights were added, such as region, party, age, race, and gender to more accurately reflect the population. The margin of error is +/- 1.7 percentage points. Margins of error are higher in sub-groups.

About TrueCredit.com

Since 1999, TransUnion's TrueCredit.com has helped millions of consumers manage their own credit health. Through a suite of educational materials, free monthly newsletters and easy-to-use products, the company helps consumers understand personal credit management and empowers them to achieve greater financial well-being. TrueCredit.com's online products include credit reports, credit and insurance scores, credit monitoring, debt management tools and identity theft insurance services. TrueCredit.com is the direct-to-consumer arm of Chicago-based TransUnion Interactive, a subsidiary of TransUnion, a global leader in credit and information management. *Manage your credit. Manage your life.SM* www.truecredit.com

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