



Consumer News

By Arizona Attorney General TERRY GODDARD



Back to School: Credit Cards on Campus

As college students across the country go back to school this fall, so do the credit card companies. Even though credit cards are currently not being marketed as aggressively as in years past, credit card companies will be setting up shop in bookstores and student unions offering food, clothes and other goodies in exchange for a credit card application. In just a few minutes, a student can get a free lunch and, in some cases, cause lasting damage to his or her credit report. Once a student gets a credit card, contract terms can quickly change and just one late payment can cause interest rates to be doubled.

Q: How can I protect myself?

A: Resist the temptations from credit card marketers and follow these five tips for a secure financial future.

1. Don't fall for the free pizza. Just because a credit card is marketed on campus, doesn't mean that it is the right card for you. If you need a credit card, shop around for the best rates.
2. Don't apply for every card. Remember that every time you fill out a credit application someone is pulling your credit report and too many credit checks can actually lower your credit score.
3. Beware of promotional rates. Many cards start out with low rates but eventually move up to high rates. Read the fine print and make sure you know when the higher rate begins.
4. If you receive a phone call or email asking you to apply for a card or provide your credit card information, confirm that the solicitation is from a reputable company. Often, scam artists try to gain your trust by claiming to be from a well-known organization. After you are solicited, call the organization yourself with the number listed on the company's website, in the phone book or on your credit card statement to confirm before giving out any financial information.



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5. If you do decide to get a credit card, do not charge more than you can afford to pay back in full each month. Over time, interest rates and fees add up and not paying back the balance on your card can negatively affect your credit report.

Q: Doesn't the Credit CARD Act of 2009 (Credit Card Holder Bill of Rights) put limitations on credit card companies?

A: Yes, the Credit CARD Act of 2009 – better known as the credit card bill of rights – protects college students by placing restrictions on contract terms, interest rates, fees and even how credit card companies market to students. However, these restrictions do not take effect until February 2010, so students need to be careful when starting school this fall.

Some of the most important consumer protections provided by the act are:

- Credit card companies will be severely restricted on when they can raise your interest rate due to a late payment.
- Universities will be required to disclose marketing agreements with credit card companies.
- Credit card companies will be prohibited from offering free merchandise to students in exchange for signing up for a credit card when the offer is made on or near campus or at a college event.
- Anyone under 21 years old will need a parent, guardian or spouse over the age of 21 to cosign their credit card application.
- Credit card companies will be required to clearly spell out contract terms and post the terms of their agreements online.

For more information and tips on credit cards and building a good credit score, visit www.azag.gov and download the Attorney General's Consumer Guide for Young Adults.