

MONEY MATTERS



A Financial Responsibility Guide For Students

(NAPSA)—For many college freshmen, there may be more of the third “R,” “arithmetical,” that they need to know than they realize. Financial responsibility is an oft-overlooked priority for college freshmen. As they prepare to begin their adult lives, however, learning to handle their finances is just as important as what they learn in the classroom.

With the financial pressures of school and social life, many students experience the challenge of dealing with a past-due bill or unpaid debt at one time or another. When debts like credit card and cell phone bills pile up, they can seem overwhelming but there are a few important steps all students can take to deal with debt responsibly.

“When called about an unpaid bill, the most important thing for a young person to do is communicate, not panic,” said Gary Rippenot, CEO of ACA International, the Association of Credit and Collection Professionals. “If you are having financial challenges, talk with the collector and work out a payment plan that you can manage.”

Working with a collection agency is an important step in resolving debts and avoiding financial challenges in the future. If you are contacted by a collector:

• **Don’t avoid the collector:**



For incoming college freshmen, financial responsibility is an important lesson to learn.

If you have questions about your bill or believe you do not owe the debt, let the collector know immediately in writing. If the first communication is by phone, the collector will need to send you a written notification within five working days of the amount of the debt and the name of the creditor who referred the debt to collection.

Once an initial contact by a third-party collector on a debt has been made, you have 30 days to dispute the debt; otherwise, it will be deemed valid. If you dispute the debt, the collector will then provide you with a response to the issues you raise. If you do owe the bill, let the collector know when payment can be expected. If you are unable to pay it in full, explain why and ask the collector

to work with you on a plan that works for both of you.

• **Ask the collector about options and programs:** Although collecting past-due accounts is the collector’s business, collection professionals are also experienced and able to work with you in finding solutions to debt issues. If you are having financial difficulties, ask about an extended payment plan or other payment options.

• **Act early:** Take action as early as possible to get your financial situation under control. If your debts are mounting, the most important thing is to look at your finances. If your monthly payments for all your debts, excluding rent, are greater than 20 percent of your monthly income or budget, you should avoid taking on more debt and work to pay down your existing balances. After a few months, small steps in decreasing your expenses can make a big difference.

• **Pay on time:** By paying on time, you can avoid incurring late fees and other penalties that credit grantors add to your debt. Establishing a payment plan that works for you will help you avoid these fees. If you agree to pay a certain amount, don’t miss payments or pay late. If you fail to follow a payment plan, a creditor may be less willing to extend flexible payment options in the future.