National Student Loan Program's

AFC Money Watch

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Keeping you informed.

NSLP Financial Literacy Staff

Sharon Cabeen, AFC
Vice President for Financial Literacy
sharonc@nslp.org

Brenda Vaughn, AFC, CCRR
Director of Financial Literacy
brendav@nslp.org

Nic Ourso, CPA, CFA
Financial Literacy Consultant
nicko@nslp.org

Pauline Balta
Senior Coordinator
paulineb@nslp.org

April Qualls, AFC
Financial Literacy Consultant
aprilq@nslp.org

If you would like to contribute an article or have suggestions, please contact Brenda Vaughn at brendav@nslp.org.

Georgia's Financial Literacy Month

Georgia college students learned valuable financial skills during Georgia Financial Literacy Week April 13-17

NSLP teamed up with the Georgia Association of Student Financial Aid Administrators (GASFAA) and the Georgia Consortium for Personal Financial Literacy to celebrate Financial Literacy Month on college campuses throughout Georgia. The groups hosted several presentations and events to enhance the money management skills of college students and raise public awareness about the importance of providing students financial education opportunities.

NSLP's accredited financial counselors delivered seminars to students on a variety of topics including budgeting, wise use of credit cards, understanding credit reports, and money management.

The week included visits to the following campuses:

Dalton State University, Dalton
North Georgia College & State University, Dahlonega
Clayton State University, Morrow
Georgia Military College, Milledgeville
Armstrong Atlantic State University, Savannah
Georgia Institute of Technology, Atlanta
Augusta State University, Augusta

Throughout the week, 10 presentations were delivered with an average of 19 students in attendance per session. Students were pleased to have the opportunity to learn about the topics. Evaluation comments included "Very good presentation!", "Very informative!" and "I'm glad I took the time to come."

During budgeting presentations, participants were asked what they would do different as a result of the presentation. Responses ranged from "find a job" and "I will not ask my parents for money" to actual behavioral changes such as "track my spending," "save $50 per week," and "lay off fast food."

Overall, schools and students deemed the week a success. Find out more about NSLP Financial Literacy opportunities at www.nslp.org.

How to Develop an Award Winning Financial Literacy Program

In the fall of 2007, NSLP established the Benjamin Franklin Award for an Outstanding Financial Literacy Program by a Postsecondary Educational Institution. In April 2008, the University of Virginia (UVa) became the first recipient of the award.

As UVa can attest, developing an award-winning program is not something that can happen overnight. It takes time, planning, and experience to get a quality program established on your campus. Here are a few tips to help you develop or improve your financial literacy planning efforts.

- **Get creative.** Does your program take an original and resourceful approach to serving your students' financial literacy needs?

  Utilizing a needs assessment can help frame your program; the key is figuring out what the students actually need, not what you perceive their needs to be. Find out how they would best receive this information. And the million dollar question: How do you get them there? Think outside of the box and listen to your students.

- **Develop quality materials.** Are your program's materials, content, and methods appropriate and useful for helping students develop the personal financial management skills necessary to achieve financial independence?

  Quality is so critical for any program but don't recreate the wheel. There is great material available for you to adapt for your students. Maybe a member of your office or someone else on campus can help with this part of the program. There is also training for staff members to be better educators and to be connected to others in the FL industry to expand quality and education.

- **Measure the impact.** It's important to note how your program impacted your students. Impact can be quantitative and/or qualitative:

  - *Quantitative* is a numerical measurement or some other kind of applied mathematical analysis, typically measuring quantity, how many, or how much. How many participants came to a workshop? How many hits on a website? These questions can be answered by numbers.

    How much did the participants learn from the program? To measure how much someone learns, a pre-test and post-test is typically used.

  - *Qualitative* measures quality, and is much more difficult to measure than quantitative impact. Qualitative data can't necessarily be contextually graphed or displayed in mathematical terms. Qualitative research is the examination, analysis, and interpretation of observations (e.g. visually or drawn from written comments from subject) to discover underlying meanings and patterns of relationships in a manner that does not involve mathematical models.

    For example, personal feedback from the participants. Did you enjoy the program? Was it presented well? Did you find the information useful? This will need a little more work, such as developing an evaluation or survey.

  Both quantitative and qualitative impact can be great evaluation tools as well. Utilize the information you receive to improve the program, be more creative, and improve the quality and impact.

- **Ensure sustainability.** To what extent is your institution committed to continuing the program to serve the financial literacy education needs of future students?

  One-time events have their purpose, but it is establishing a program that factors into winning the Benjamin Franklin Award. Look for ways on your campus to provide an event every year. Partner with others on your campus to make sure there are other stakeholders in the program doing their part. Work with the students and involve them in the planning of a program that will pass on to other students.

Utilizing these criteria can help you create, implement, and maintain an award winning program on YOUR campus.

Spotlight:

Ms. Claudette Clair, MBA

Assistant Director of Financial Aid, University of the District of Columbia

Give us some highlights of what you learned while studying the Personal Finance course?

If I had known then the things I know now, I would be in an accelerated financial position today and possibly debt free.

What were some of the most difficult parts of the Personal Finance course?

Studying and completing course assignments in conjunction with a full-time job at the university and raising an eleven-year-old child can be challenging.

What advice would you give to someone who has just enrolled in the AFCPE study sessions?

Time management. Time management. Time management.

Claudette Clair (right) and author Jeff Yeager after his presentation "Finding Wholesale Happiness in a Retail World" for UDC students.

Describe some ways University of District of Columbia is providing financial literacy to their students and faculty on your campus?

With our partner NSLP, we are providing valuable literacy workshops to increase student awareness of literacy and financial issues. Through these seminars, we are preparing our students for the "real world" of personal financial responsibility.

In addition, we worked with NSLP to host Jeff Yeager, author of *The Ultimate Cheapskate's Road Map to True Riches: A Practical (and Fun) Guide to Enjoying Life More by Spending Less*. His presentation, "Finding Wholesale Happiness in a Retail World", was well-received by our students and really helped them understand how easy it is to live better while spending less.

When you aren't working and studying for your AFC exams, what keeps you busy?

I enjoy community activism, traveling, and trying to make the world a better place to live in by helping one person at a time. I was asked by my Church to head their two women's homeless shelters. It has been a desire of mine to help "broken" women. I run into so many here at the University with low living, low self esteem, worry; they settle for less for themselves and their children. It hurts my heart to see them not realize that there is so much for them and their children. That is where I step in. I have also put in place some ideas and sent them to the Pastor to approve. Well, I guess that is enough about my ministries and me. Now you see why it is so hard to read, study and stay abreast, but if I do this for the women, I can educate them and they will never be in debt...because we (NSLP and me) are going to make sure it happens for them!

New Credit Card Rules Effective July 2010

Paul Richard, President & Executive Director, Institute of Consumer Financial Education
www.financial-education-icfe.org

The final rules prohibiting certain credit card practices were adopted under the Federal Trade Commission Act, and are being issued concurrently with substantially similar final rules by the Office of Thrift Supervision and the National Credit Union Administration. Highlights of these rules are as follows.

Regulation AA (Unfair Acts or Practices) Final Rule

The final rule amends Regulation AA to prohibit unfair or deceptive acts or practices by banks in connection with credit card accounts. *The effective date for the Regulation AA amendments is July 1, 2010.*

- **Time to Make Payments** - Banks have to provide a reasonable amount of time for the consumer to make that payment. The final rule deems 5 p.m. to be a reasonable time. When mailed payments are not accepted on the due date, such as on weekends or holidays, creditors must consider a payment received on the next business day as timely.
- **Allocation of Payments** - When different annual percentage rates (APRs) apply to different balances on a credit card account (for example, purchases, balance transfers, cash advances), banks are required to allocate payments exceeding the minimum payment to the balance with the highest rate first or pro rata among all of the balances.
- **Increasing Interest Rates** - Banks are required to disclose at account opening all interest rates that will apply to the account and prohibits increases in those rates, except in certain circumstances:
  - If a rate expires after a specified period of time.
  - Banks may increase a rate if the rate is a variable rate.
  - After the first year, banks may increase a rate for new transactions only after complying with the 45-day advance notice requirement.
  - Banks may increase a rate if the minimum payment is received more than 30 days after the due date. Creditors must provide 45 days' prior notice before the creditor increases a rate due to the consumer's delinquency or default or as a penalty.
- **Two-Cycle Billing** - Banks are prohibited from calculating interest using a method referred to as "two-cycle billing." Under this method, when a consumer pays the entire account balance one month, but does not do so the following month, the bank calculates interest for the second month using the account balance for days in the previous billing cycle as well as the current cycle.
- **Financing of Security Deposits and Fees** - Banks would be prohibited from financing security deposits and fees for credit availability (such as account-opening fees or membership fees) if charges assessed during the first 12 months would exceed 50 percent of the initial credit limit. The rule also limits the security deposits and fees charged at account opening to 25 percent of the initial credit limit and requires any additional amounts (up to 50 percent) to be spread evenly over at least the next five billing cycles.

Regulation Z (Truth in Lending) Final Rule

The final rule amends Regulation Z to improve the effectiveness of the disclosures consumers receive in connection with credit card accounts and other revolving (non home-secured) credit plans. *The effective date for the Regulation Z amendments is July 1, 2010.*

- **Applications and Solicitations** - The final rule contains format and content changes to make the credit card application more meaningful and easier for consumers to use. These disclosures are provided in the form of a table that summarizes the key account terms. The changes include:
  - Format revisions
    1. Rules regarding type size, the use of boldface type for certain key terms, and the placement of information.

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- Content revisions
    1. Must disclose the duration that penalty rates may be in effect
    2. Simplify disclosures about variable rates and revise disclosures regarding when a grace period is offered on purchases or when no grace period is offered.

- **Account-Opening Disclosures** - The cost disclosures provided at account opening to make the information easier to read and certain key terms must be disclosed in a summary table.

- **Periodic Statement Disclosures** - Make disclosures on periodic statements more understandable, primarily by making changes to the format requirements, such as by grouping fees and interest charges together. The changes include:

- Interest Charges and Fees - These must be grouped separately, with a monthly total for each. Interest charges must be itemized according to the type of transaction (such as interest charged on purchases, and interest charged on cash advances). Separate year-to-date totals for fees and interest charges are also required.

- Effective APR - The requirement to disclose an "effective annual percentage rate" is eliminated due to the lack of consumer understanding of this term. New requirements to disclose interest and fee totals for the month and year-to-date should more effectively inform consumers of the total cost of credit.

- Minimum Payment Disclosure - The effect of making only the minimum required payment on the time to repay balances must be disclosed.

AFC Graduates

*Seph Anderson, University of Mississippi
Ann Barton, National Student Loan Program
Lisa Benatti, University of North Carolina
Linda Butcher, National Student Loan Program
Sharon Cabeen, National Student Loan Program
Sue Cooper, Barton County Community College
Suzette Dillard, Armstrong Atlantic University
Carol Dolan, Midwestern University
Helen Dugger, University of Virginia
*Cindy Garner, Southern College of Optometry
Terrel Harris, Armstrong Atlantic University
Laura Harris, Armstrong Atlantic University
Lani Johnson, National Student Loan Program
Tajuana Jones, University of South Florida
Sharon Karwowski, SUNY Tompkins Cortland Community College
*Cheryl Kibarian, National Student Loan Program
LeeAnn Kirkland, Armstrong Atlantic University
*Robyn LeGrand, National Student Loan Program
Jacklyn Lewis, Armstrong Atlantic University
Erik Lips, Emory University
Tony Lubbers, Friends University
Dana McCammon, Hastings College
Scott Miller, University of Virginia
*Dawn Mosisa, National Student Loan Program
Karla Nicholas, Florida College
*Dean Obenauer, National Student Loan Program
*Brenda Paganelli, National Student Loan Program
*Myra Pfannenstiel, National Student Loan Program
Brandon Pierce, Friends University
April Qualls, National Student Loan Program
Laura Renne, University of South Florida
*Jeni Rone, National Student Loan Program
Janine R. Williams, Fontbonne University
Cathy Salcido, New Mexico State University
Melinda Shoy-Clarke, University of South Florida
*Monica Stam, National Student Loan Program
Brenda Vaughn, National Student Loan Program
*John View, SUNY Environmental Science/Forestry College
Michelle Williamson, University of South Florida Medical Center

*Denotes our newest AFC graduates

Book Review

You're Broke Because You Want to Be

by Larry Winget

In his book, *You're Broke Because You Want to Be*, Larry Winget makes it clear that being broke is a choice and that if we didn't want to be broke, we wouldn't be.

He makes it painfully clear that we have no one else to blame for the choices we make.

His short book is hard hitting but offers hope. We are empowered to make our own choices and therefore change our financial futures for the better.

His advice for obtaining more income (get a second job) or reducing expenses (get rid of your cable) is the common sense that we all know and expect. We can't complain or wish ourselves to wealth or financial wellness.

For our military families who accept accountability for their actions, his book is right on the mark. It provides an action plan for getting their financial house in order so they can start leading the life they really want.

As a financial counselor, Winget provides the tools fellow counselors need to help clients understand that only they have the power to get out of debt and create wealth—or to wallow in the miserable circumstances that they have created.

Review by: Jimmy Camacho, Community Readiness Consultant, Airman & Family Rediness Center

Did You Miss Lessons for Life?

Early in 2009, NSLP hosted two webcasts in its new Lessons for Life series, which provides free financial literacy training for financial aid professionals. If you happened to miss either event, don't worry! Recordings of each are available on our website to download and view at your own convenience.

In Anatomy of a Financial Crisis, Paula Tkac from the Federal Reserve Bank of Atlanta provided helpful insight into the nation's current economic status. Using layman's terms, she described how we got into this predicament and how it impacts the student loan market.

Organizing Your Personal Financial Paperwork was presented by Melanie Jewkes from the Utah State University Cooperative Extension. If you've ever wondered which personal records you need to keep, how long to keep them, and which ones should be kept in a safe place, this online presentation will help you organize them.

NSLP's team of experts provides free training throughout the year. To find out what is coming up and to view recordings from past events go to www.nslp.org, click on the "Schools" tab and look for "Workshops & Webcasts" on the left navigation list.