

FI\$CALLY FIT

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November 2003



Dates to

Remember

November

- Financial Aid Office Retreat 25th (Office opens @ 1:30)
- Thanksgiving Holiday (Law Center Closed 27th and 28th)

December

- Last day of classes December 6th
- First day of exams December 21st
- Christmas Holiday (Law Center Closed 24th, 25th, 26th)
- New Years Holiday (Law Center Closed December 31st - January 1st)

January

- Spring loans sent to GULC January 2nd
- Spring refunds processed January 9th



Message from the Assistant Dean



Effective financial planning is more than deciding how much money to borrow, and through which loan programs. Although this is an important part of the process, it is only the beginning. If you took the time to do some planning prior to developing your spending habits for the year you ensured that you will have enough money to last through the term and the year. By making a plan and following it, you are virtually guaranteed a better academic performance than a student whose lack of planning creates a financial crisis during the upcoming fall term

exams. In my experience, students who have had financial problems encounter academic difficulties as well, or at least produce grades that disappoint them. Looking back, they realize how much of a distraction financial concerns were and feel their grades do not represent their abilities. Don't join this group— you can still salvage your finances even if you're getting a late start. Make an appointment to talk over your finances with your counselor as soon as possible. Review the rest of this newsletter for tips on credit and money management . If you have any suggestions or success stories, please let us know.

Getting Ready for the Spring....

Many students receive refunds from their loan proceeds that are used to pay living and other expenses. If you are such a student, you probably noticed that the date for Spring refunds was provided on the Fall 2003 Student Accounts Office's Early Refund Request Form that you completed. If you don't recall the date, the date for the Spring 2004 semester refunds to be available is January 9, 2004.

As a reminder, continuing students may have their refunds deposited directly into their checking account by completing the Direct Deposit Authorization Form available on the GULC Office of Student Accounts

web page. However, Student Accounts needs to receive a refund request form each semester that you have a credit balance in order to trigger your refund. By completing the Direct Deposit Form, time will be saved since you will not have to visit your bank to deposit the check or wait for the funds to clear.

For more information regarding the Spring 2004 refund process, please contact the GULC Office of Student Accounts located in McDonough room 581. You can contact them via email at www.law.georgetown.edu/finaff/studaccts or by phone at 202-662-9057.

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www.bargains.com

www.health.net/wellness/healthlycash/center

"The Center for Financial Well-Being has recently been named Best of the Web in the Money Channel" by the editors of Snap! Online. "Includes information on "values based personal finance", a "Spending Personality" test, and resources on financial wellness.

www.ncfe.org/index.cfm

"SPRINGBOARD is a non-profit agency formed in 1974 by business leaders and credit grantors. Our mission is simple, yet vital: To offer education on the wise use of credit and to serve as an alternative to bankruptcy." This site includes information on Tax Laws, a Debt Payoff Calculator, analyzing your credit report, and how to avoid direct mail and email.



www.volition.com/free.html

This website is known as "The site with the oldest free stuff on the internet". It includes links to coupons and discounts, a free stuff catalog, free magazines, general freebies, free software and lots of other odd links.

www.bookfinder.com

This site assists you with buying books online. You type in the author's name or the name of the book and it will give you a listing of where you can buy the book for the cheapest price. This website sells new and used books and can be helpful if you are searching for "bargains" for your law school texts and paperback books.

The Good, The Bad, and The Unknown...

So you think you have GOOD CREDIT, or BAD CREDIT, or you're somewhere in the great abyss of the UNKNOWN...

How sure are you that your credit is good? Have you had loans turned down because you have bad credit? Do you want to take control and find out where you stand when it comes to your credit rating?

Your first step in finding out is to get copies of your credit report. You can obtain your credit report from the following Groups. Check out their web sites to get the details:

- Equifax www.equifax.com
- Experian www.experian.com
- TransUnion www.transunion.com

Look at your report to make sure mistakes are corrected. If you have negative marks on your credit, contact your creditors to arrange payments. If you discover any information on the credit report to be incorrect, take immediate actions to have it corrected. The Federal law allows you to correct your credit report for free. Take a look at the Federal Trade Commission's web site: www.ftc.gov.

Don't be fooled into thinking that you can get rid of your bad credit history with an easy payment of \$19.95 to a company that promises a "fresh start" in credit history. These so-called credit repair companies are far from legal and will turn a consumer into a felon.

This is how the scam works: the customer will pay a fee ranging from \$19.95 to several hundreds of dollars to receive instructions on how to obtain an employer or taxpayer identification number from the IRS. However, the instructions for applying for these numbers are free from the IRS and can be done easily over the phone. These numbers are used by businesses to report financial information to the IRS and Social Security Administration. Once the customer obtains a new ID number, the company will then instruct them to use the ID number instead of their social security number when applying for new credit.

It is a federal crime to make false statements on loan or credit applications, or to obtain an employer ID number under false pretenses. The best way to clean up your bad credit history is to contact the

The Big Chill...Put your cards on ice



With the chill of Fall in the air we are advising our students to "Put Their Credit Cards on Ice". This experiment is designed to measure a student's tendency to make impulse purchases with credit cards. Here are the instructions to the student:

- On Thursday night, calculate your expenses for the upcoming weekend, from Friday morning to Monday morning, and determine how much money you can afford to spend.
- On Friday morning, withdraw the amount of cash you have budgeted for the weekend. Put all of your credit cards in a metal bowl. Fill the bowl with water and freeze it.

- Enjoy the weekend, but spend wisely.

By putting all of your plastic on ice, you will have to defrost the cards before you can use them. Because the bowl is metal, you won't be able to thaw the ice in a microwave oven. So, by the time it will take you to go home and defrost the bowl's contents you may have a little more time to reconsider a purchase you were tempted to make with your plastic.

During the Monday morning thaw, ask yourself:

- Did I thaw out the cards before Monday morning? If so, was it worth it?
- Did I want and/or need to use my credit cards during the weekend? Why?

The Quiz.....Are you financially savvy??

Take the quiz below to see how financially savvy you are about credit.

Question #1: If I receive lots of credit card offers in the mail, even though I've often been late with other credit card payments, that must mean:

- A) The credit card company thinks it can make money on my account from late fees, interest and penalties.
- B) The credit bureaus do not have current information on my payment status from other creditors.
- C) The credit company wants me to be able to buy what I want.

Answer to #1: Credit card providers sometimes purchase names of "slow payers" from the national credit bureaus. These are people who are late with payments, but do usually pay. The income generated from interest/late fees is an important income source for the creditors, so these solicitations likely have this in mind and A) is what's happening. The credit bureaus are incredibly thorough about tracking negative information, so B) is wishful thinking. The credit card

companies have no personal interest in your well-being, financial or otherwise, so believing they want you to have the freedom to do as you please, as C) suggests, is not realistic.

Question #2: How much will an item I bought on sale for \$20 cost if I pay for it with a credit card that already has an outstanding balance of \$1,000 and I am paying the minimum monthly payment of 2% of the balance?

- A) At least \$200, maybe more if I never increase the monthly payment.
- B) It still costs \$20.
- C) Over time, it actually costs me less than \$20 because I'm going to transfer my balance to a card with 2.9% interest for 3 months and my payment goes down, therefore I owe less on everything purchased.

Answer to #2: The \$20 sale item has almost unlimited cost if paid for with a credit card on which you make only minimum payments, so A) is correct. B) ignores the financing costs. If you picked C), there is a bridge you could buy...



"Live like a student now, so you won't have to live like one after you graduate!"

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For comments or suggestions on FISCALLY FIT, including useful web sites, please contact:

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Tax Time: Higher Education Benefits for 2003

When preparing your tax return, make sure you explore your eligibility for each of higher education tax benefits listed:

- Lifetime Learning Credit
- Higher Education Expense Deduction
- Student Loan Interest Deduction
- Earned Income Credit

The maximum benefit for the Lifetime Learning Credit is \$5,000 for 2003 for qualified tuition and related education expenses. The Deduction for Higher Education Expenses for 2003 is \$3,000. The Student Loan Interest Deduction, up to \$2,500, will most benefit Fall 2003 and May 2004 graduating students when filing their 2004 tax returns as it is available only during repayment.



The Earned Income Credit value is up to \$2,547 for workers with one child and an AGI less than \$29,666 (single) or \$34,692 (married). With two or more children with an AGI less than \$33,692 (single) and \$34,692 (married) can qualify for a credit of \$4,204. Workers with incomes below \$11,230 (single) and \$12,230 (married) with no children are eligible for up to \$382.

For more complete information regarding higher education benefits, you can download IRS Publication 970 Tax Benefits for Higher Education at the IRS website: www.irs.ustreas.gov/forms_pubs/pubs.html. Another website that you can look at for information is Turbo Tax: www.turbotax.com/articles.FederalTaxFormLinks.html. This site also provides links to both the federal and state tax forms. Tax forms are not available in the Financial Aid Office. The IRS building at 500 North Capitol will have paper forms available in January of 2004.

