

# TEEN TOPICS

Teen Destination Club newsletter

April 2007

## IS A CREDIT CARD RIGHT FOR YOU?

Credit cards are now becoming easier to get — and at a younger age. Before you decide to apply for one, read these tips for choosing and using a credit card.

**Read the fine print.** If you receive an offer for a pre-approved credit card or if someone says they'll help you get a credit card, find out the details first. You need to know what interest rate you will be paying and for how long. Some credit cards offer low rates as "teasers" that are raised after a certain period of time or only apply to balances transferred from other cards. You also need to know about any annual fees, late charges or other fees, and whether there are grace periods for payment before interest is applied. If the terms of the offer aren't provided or aren't clear, look for a credit card from someone else.



**Shop around. Interest rates and other terms vary widely.** There are also different types of cards, such as secured cards that require a deposit to cover any charges that are made, cards that can also be used as telephone calling cards, cards that allow you to either charge something and pay later or deduct the charge from your checking account immediately, and cards that can only be used to charge merchandise from a catalog. Make sure you know what kind of card you're being offered and what type of card meets your needs best.

**Don't pay fees up front to get a credit card.** Legitimate credit card issuers don't ask for money up front, unless you're applying for a secured card. If you are applying for a secured card, make sure you understand how your deposit will be used. Don't pay someone to help you get a credit card; if you have good enough credit, you can get one yourself, and if you have bad credit, no legitimate lender is likely to give you one.

**Use your credit wisely.** Many Americans are in debt because they have taken on more credit than they can handle or have not used credit responsibly. Don't apply for more cards than you absolutely need, and don't charge more than you can afford. To maintain a good credit rating, pay bills promptly. Avoid interest charges by choosing a card that offers a grace period and paying the entire balance due each month. If you can't pay the full balance, choose a card with the lowest interest rate.

**Get help if you feel you're in over your head.** Ask your credit union for assistance. For additional help, visit the National Foundation for Credit Counseling's Web site at [www.nfcc.org](http://www.nfcc.org).

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## HOW TO HANDLE YOUR MONEY THE SMART WAY



Perhaps you've been saving money for a few years now, and you think that you're pretty smart when it comes to spending your money. Well, you're never too old to learn a little bit more about handling your money. Here are a few tips from Consumer Alert to help you:

**If you receive an allowance, your parents might increase it and will probably tie your allowance to your performing certain household chores.** For big household tasks (for example, cleaning the basement) your parents might consider paying you "wages."

**Go with your parents when they shop for your clothing and personal items.** Look for bargains and comparison shop with your parents. Be sure to comparison shop with your parents for recreational items such as skateboards, bikes, and snowboards.

**Continue to make regular savings account deposits.** Deposit money from both allowances and from "extra" money.

**You can learn a lot about how to handle money from your parents.** For example, ask your parents to involve you in the family's financial decisions, such as planning a vacation within a certain budget. Also, if your family needs to cut back on expenses, ask your parents if you can be included in a discussion of the choices that you're facing.

## YOU CAN AFFORD TO GO TO COLLEGE

There are many things you can do to plan for college. The first step is to focus on studying. If you make good grades and participate in extra curricular activities at school, you're more likely to receive scholarships. You should also start saving money as soon as you can.

The next step is to find the scholarships and apply for them. One great site for finding scholarships is [www.fastweb.com](http://www.fastweb.com). This scholarship search site is free and has over 1.3 million scholarships listed. You enter information about yourself and you'll receive a list of scholarships that you may be eligible to apply for.

You should also fill out the FAFSA (Free Application For Student Aid). This form should be filled out in January or February of the year the student will attend college. You will need to reapply each year that you attend college to be considered for any financial aid. The website for this application is [www.fafsa.ed.gov](http://www.fafsa.ed.gov). Check the web address carefully. There are websites made to look like the FAFSA, but they charge a fee and are not associated with the U.S. Department of Education.

There are also student loan options available if you still don't have the money necessary to pay for college. For more information go to [www.collegeboard.com](http://www.collegeboard.com) or give us a call at Muskegon Co-op FCU.

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