

The Danger of Credit Cards

FOR MORE INFORMATION CONTACT:



WILLIAM FRANCIS GALVIN
SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE, ROOM 1701
BOSTON, MA 02108
1-800-269-5428
WWW.SEC.STATE.MA.US/SCT



William Francis Galvin
Secretary of the Commonwealth
Securities Division

- 1 Debt problems can lead to depression, which affects study habits, academic performance and retention rates.
- 2 Unfortunately, in a few extreme cases, the stress associated with credit card debt has been a factor in student suicides.
- 3 People stressed about debt (particularly credit card debt) are more prone to heart attacks, insomnia and explosive emotions.
- 4 Some studies suggest that those students with credit card balances in excess of \$1000 drink more, smoke more, use more prescriptions for depression and have lower grade point averages than those who don't carry credit card debt.
- 5 Debt can stick with students long after graduation. Debt ridden students interested in advanced degrees may not be able to secure graduate loans. Potential landlords, and some employers, routinely review credit histories.
- 6 Colleges and universities can profit from the credit card industry without educating students about the possible pitfalls and the devastating effect bad credit can have on their financial future. In return for lucrative fees, many colleges allow banks and credit card companies to advertise their products right on campus.
- 7 Many young adults have been forced by long-term financial problems to file for bankruptcy. In the years 1991-1999, there was a 50% increase in bankruptcy filings for people under 25.
- 8 Filing bankruptcy can severely damage your credit ratings for years. A bad credit rating may result in an inability to obtain a mortgage, a car loan or any other extension of credit.
- 9 Companies offer student "teaser" interest rates and then quickly increase them, sometimes as high as 20% or even more for those who miss payments or receive cash advances.
- 10 Missing payments, or making late payments, can result in increased interest rates, late fees, and most importantly reporting to a credit agency. A credit agency may in turn report missed or late payments on your credit report, which will be seen by all future prospective lenders.