ng yourself credit Story by Mike Latona

few months ago, a credit-card application arrived in the mail that led k Eileen Welsber to do a double-take.

The envelope was addressed not to her,

but her 16-year-old son, Eric.
"I just happened to see it was to a credt card, and I intercepted it. Normally I don't go through his mail," Eileen said.



Having no idea how the creditcard company got Eric's name and address. Eileen quick-

ly phoned the company, saying she wanted no further solicitations sent to her son. Eric said he agrees with his moth

"I can't handle a credit the responsibilities righ 16, a parishioner at St. Lawrence Church in Greece. Eric expended that he'd have to be making a stead income before even considering a creat card.

Or, as his more put it, many people Eric's age "are still working on bath

No, you're not,'" said

Josh, 15, from St. May's Church in Bath.
His parents' decision stood, because credit-card applications that be co-signed by an adult if you're under the age of 18.
Josh said he had been temporary aget a

Josh said he had been templed to get a credit card because it made him fee important.

"It's just cool I got an offer," Josh remarked.

Apparently, this is precisely the

worth the risks?

sentiment that credit-card companies hope to spark when they solicit to highschoolers - as well as college students, to whom the age restriction would no longer

Think of the credit-card ads on TV that mention the privilege, power and prestige Theing a Visa, Mastercard or American Express stomer. Another come-on is the offer of free chandise if you apply with a certain compact of and tapes.

What these promotions don't tell you

are the financial headaches

nent mailed at the did of each monthly billing cycle. Ye can make as many purchases as you assigned credit limit allows. Pay your entire balance before the due date, and you avoid a finance charge. Wake a partial payment, and a finance marge is applied to the unpaid halance.

It's these finance charges, as well as late fees, that keep credit-card companies in

business and send many consumers into

AMERICAN financial

chaos. Consider this:

If you owe \$1,000 on a credit card charging about 20 percent interest, and you choose to make a required minimum monthly payment of, perhaps, \$20, it will take years and years to pay that debt off. And most of the money will have gone toward finance charges, not your original debt

Yet Janet Bodnar, in het book kipling Money-Smart Kids, said that it's not necessarily a bad idea for teens to use credit cards, because this can be a tool for learning financial responsibility. Whereas



credit limits can go as high as sevtho@sand dollars usually for

adults with larger income and expenses — Bodnar suggested a limit of, perhaps, \$100

On the other hand, Eric noted that he has a friend who owns a credit card - but his parents pay the monthly bill. Eric feels that this arrangement isn't likely to help his friend become financially responsible.

"You're not taught how to balance," Eric remarked.

One alternative is a debit card, which looks like a credit card but acts more like a check. Debit-card purchases are drawn from your checking account, whereas credit-card transactions are essentially

Monica Duncan, 18, owns a debit card and said she prefers it over a credit card, because she only spends what she already

"I wouldn't want to have to worry about coming up with so much money when the (credit-card) bill comes. I'd rather know the money's (already) there," said Monica, 18, from Holy Trinity Church in Webster. She's a freshman at Alfred University.

On the other hand, Claire Hamilton has learned from experience that debit cards

have their pitfalls as well. Claire went on a spending spree with her debit card this past fall, and wound up



overdrawing her checking account. So not only did her balance go down past zero, but she was also socked with penalty fees.

"It was a lot of small expenses that added up after a while - a \$5 here, or a \$10 or \$20 there, or those \$50 pants that I didn't really need," said Claire, 18, from

St. Cecilia's Church in Imidequoit.
Claire's freshman at Storiehill College
near Boston, said that she wouldn't have
been nearly astikely to exhaust her
account if she'd been using cash.

"Cash is less tempting. If you see it and then it's gone, it's like, 'Oh, man, I threw away \$20," Claire explained. **Supwith a credit or debit card, she said,** ou don't feel like you're really paying.' alillater.

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Not a matter to charge into Thinkyou're ready for a credit card? Proceed with caution, advised Carol

wards and Ray Martin, authors of the 1997 book The Rookie's Guide to Money Man-والإيلاء فالترابر

Edwards and Martin say that credit cards are most valuable in emergencies; for instance, if you're a stranded motorist and need a quick car repair.

But if you're a free spender, credit cards are enemies wearing the mask of a friend. "If your budget is tight now, a credit card will make it easier in the short run and hell in the long run," Edwards and Martin wrote. "Respect the power of a credit card as if it were a loaded gun. Use it for protection, not sport."

When shopping for a credit card, Edwards and Martin advised finding a card with no annual fee and/or a low interest rate. (Rates can range from 6 percent to more

Edwards and Martin suggested carrying one credit card, rather than obtaining several credit cards and reaching the limit — "maxing out" — on all of them. With no resources to pay the balance, the resulting finance charges and late fees will put you in a deep, deep financial hole.

To avoid these problems; Janet Bodnar suggested some starting steps for teens in her 1993 book *Kiplinger's Money-Smart Kid*

- Don't charge anything you can't pay for that month, except in emergencies.
 Don't get into the habit of making only the minimum payment each month.

 Don't charge to your credit limit.
 Remember that a bad credit report can come back to haunt you, even if your parents built you; out Delanquent payments can stay on your (econd for year) if the card is my your name.