

# Student Tip Sheet: Campus Financial Products

*Avoid the tricks and traps in campus financial products that may drive up the costs of college*

## Bank Accounts & Prepaid Cards

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**You have the right to choose the bank account that is right for you.** Students who receive a debit card in the mail from their college are under no obligation to activate the account to receive financial aid.

**Don't opt-in to overdraft coverage and don't overdraw your account.** Overdraft fees are \$34 on average, and can be charged on a recurring daily basis. Do not opt-in to "standard overdraft protection." It's better to let your card be declined at the point-of-sale and ATMs and avoid high fees.

**Recurring monthly charges and checks can prompt overdraft fees.** Even if you have not opted-in for overdraft coverage, recurring monthly charges (like a gym membership) and payments by check can trigger overdraft fees if you have just a few dollars on your account.

**Know the ATM access you have to your money.** Students should know which banks charge the lowest out-of-network ATM fees. They will incur these fees when they withdraw from an ATM machine not affiliated with the card.

## Private Student Loans

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**Use all of your federal loan aid before turning to private loans.** Private student loans are risky because most carry variable interest rates, rather than the fixed rates of federal loans. They do not have the generous repayment terms that federal loans carry. Use up all your federal loan aid first before taking on a private student loan.

**Don't borrow more in private student loans than the total cost of attendance.** Given the high risk of private student loans, do not borrow more from a bank than you need to meet your total college costs.

## Credit Cards

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**Look for a card with a low Annual Percentage Rate (APR).** This is the interest rate the student will pay to borrow money with the credit card. The higher the APR, the more the credit will cost if the student doesn't pay off the balance every month. Watch out for cards that have a "low" introductory rate that goes up at some future time. Also, know the default rate, which is what you may be charged if you miss a payment.