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THE SOURCE

THE NEWSLETTER OF STUDENT FINANCIAL SERVICES

APRIL 1, 2007

FINANCIAL LITERACY: PARENTS PREPARING STUDENTS FOR FISCAL RESPONSIBILITY

by Alexandra McHale

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2007-2008 FINANCIAL AID CHANGES

Stafford Loan:

- Increase in annual subsidized loan limits for first-year and second-year students.
- Increase in annual unsubsidized loan limits for graduate students.

Pell Grant:

- Increase of \$260 at all levels; maximum increase from \$4,050 to \$4,310.
- Increase in maximum EFC eligibility from \$3,850 to \$4,111.

Financial literacy is the ability of individuals to make appropriate decisions in managing their personal finances.

With the ongoing credit card debt epidemic sweeping the nation, it's time to get involved in your child's financial literacy. Without proper training on spending money wisely and dealing with credit, students could potentially be doomed to debt for much of their lifetime. As

the statistics in the box to the right show, there is a lot of room for improving the financial literacy of our students.

One of the biggest issues with students and credit is quite basic: they simply don't understand how it works. Many students do not understand what accruing interest means, or they see the words "high credit limit" or "minimum payment" and that gives them the illusion that they have more money spend then they actually do. This situation is made worse by the fact that the mean salary of recent graduates is barely enough to cover cost of living, let alone the ability to pay off debt.

Don't doom your kids to this hefty financial burden blindly: students need instruction regarding personal finances from an early age. They need to understand how harmful bad credit is on their financial futures. It's never too late to be

- 56% of parents believe high school graduates are totally unprepared to manage their personal finances responsibly.

- Only 30% of parents said their child's high school offered a course on practical money skills.

- 78% of parents said their high school student does not have a budget.

- 57% of parents put no restrictions on how their child can spend the money they are given.

* Visa USA, *Visa USA Back to School Survey Shows Sex, Drugs and Money Management Top Issues Parents Discuss with their High School Students*, August 3, 2004.

fiscally responsible. It can make all the difference in the future.

On page 2 is a list of tips on how to involve your child in financial decisions. We hope these tips will be helpful to you as it is imperative that students get involved in their own finances. The earlier they get involved, the better.

IMPORTANT TIPS ON FINANCIAL RESPONSIBILITY TO TEACH YOUR STUDENT

Develop a budget plan and stick to it: Start by encouraging students to track their expenses for a week or two to see where their money is going. Have them make a list of all their expenses for the year and a list of all of their income sources. Then work with them to evaluate what they can afford and to come up with realistic budget, including money for entertainment and eating out.

Don't go overboard at the ATM: Most people now have ATM cards and this can be a source of problems for students. Many banks have ATMs on campuses, and they can be a real convenience when students need some cash. But ATMs can also be a fast track to financial problems. Encourage students to make withdrawals in smaller increments; students will find they waste less money by taking out smaller amounts— \$20 instead of \$40.

Be smart about student loans: Students should apply for financial aid if they need it but should be encouraged to borrow only what they need. Being eligible doesn't mean students have to take the maximum the lender will allow. Remember students are expected to repay loans, plus interest. Repaying loans on time will help students establish a good credit rating which is very important when it comes time to rent an apartment or buy a car.

Say "NO" to credit cards: Credit cards are misleading because they give the illusion that once you obtain one, you have been given free money. However, when you use your credit card, you must make a monthly payment that includes interest or finance charges of up to 20% until your total bill is paid off. This means if you owe \$300 on your credit card throughout the year, your interest rate is 20%, and you have an annual card fee of \$20, you'll be paying \$80 a year in interest and fees alone! You could pay even more if you use your card to get a cash advance (a very bad idea). If students must have a credit card, they need to use it wisely— saving it for a real money emergency and making every effort to pay it off immediately to avoid interest charges.

IF I NOW HAVE A NEW NU ID NUMBER, WHY ARE YOU ASKING ME FOR MY SSN? by Lee V. Marrama

This past February a major change took place at Northeastern University. All student, faculty, and staff Social Security numbers were replaced with a new NU ID number. The use of a new ID system had been talked about for many years, due to the concern over the ever rising incidents of identity theft.

However, you may notice that there are a few offices that require you to provide your SSN. Student Financial Services still needs to access the number to process the FAFSA, CSS PROFILE, and other documents required by the government to verify eligibility for federal financial aid.

SFS continues to maintain the same commitment to privacy and security that it had prior to the ID conversion. We take the utmost care to protect the personal information of students and parents. For more information on SSN security, please visit: www.consumer.gov/idtheft.

"Identity theft is one of the fastest growing crimes in America. When a dishonest person has your Social Security number, the thief can use it to get other personal information about you."

SSA Publication number 05-10064
January 2006

AN INTERVIEW WITH OUR NEWBIES

Meet our newest staff members: An interview with Andy McCarty, David Strock, and Andrea Swain.

What did you do before you came to NU ?

Andy: After a semester of college in Washington D.C., I enlisted in the US Air Force. I served in the military for four years, deployed to the Middle East twice, and witnessed more sandstorms than I care to count. Following my separation from active duty, I went to work at Paramount Pictures in Hollywood.

David: I worked in the Student Employment Office at Boston University for 3 years - as the Work-Study Manager, Student Employment Manager, and Program Coordinator. I was a (St)rock star!

Andrea: I worked at Johnson & Wales University in Providence, RI where I had been for the past 12 years. I started in Admissions, and moved to Financial Aid in 1997, where I was a financial aid officer for 4 years and then became Team Leader of Financial Aid in 2001.

What are your hobbies? What do you like to do in your free time?

Andy: I'm a writer, actor, hill hiker, tree climber, live music listener, volunteer enthusiast, and an uncle to three beautiful children.

David: Quite randomly, I am a news junkie, music video addict, and trivia connoisseur.

Andrea: I love spending time with my husband Frank and our 2 kids, Sydney, 5, and Danny, 3.5. They are the best! I also am the lead singer in a band called Almond Joy. We do mostly classic rock, some 80s pop rock, and some blues.

What is your favorite part of your job?

Andy: I love how funny everyone is. I haven't laughed so much in years. It's truly a joy to come to work each day.

David: So far my favorite part has been meeting all the students. There are so many different characters and the people are quite different from BU.

Andrea: So far, the people. I am really enjoying meeting everyone and getting to know everyone.

What do you hope to accomplish while you are in this position?

Andy: I'm excited to start working on my Bachelors again.

David: I want to bring some shebang-shebang to student employment.

Andrea: First, I want to accomplish understanding SEO...

What else would you like us to know about you?

Andy: My blood type is O+.

David: I once dropped out of college and moved to the Philippines for 7 months before going back to college.

Andrea: I am a goof, meaning I love to laugh and have fun; I love weird humor like Napoleon Dynamite and anything Saturday Night Live-ish.



Andy McCarty
Administrative Assistant
Loan Department



David Strock
Assistant Director
Student Employment



Andrea Swain
Director
Student Employment

FINANCIAL AID AWARDING TIMELINES

Undergraduate Day Students

- Freshmen and Transfer Students that have met the priority filing dates can expect to receive their awards beginning in late March. Students that have been selected for the Federal Verification Process will receive a tentative award that will be finalized once the process is complete.
- Returning Students who have submitted the FAFSA by the March 1st priority filing date can expect to receive award letters beginning in early June. Students that have been selected for the Federal Verification Process will not receive award letters until the process is complete.

Graduate Students

- New Students are awarded on an on-going basis throughout the spring after we have been notified that they have been accepted into their program.
- Returning Students that have met the March 1st priority filing deadline are awarded throughout the summer.

SPCS Students

- SPCS Students are awarded throughout the academic year once we have received all financial aid application materials.

Law Students

- New Students who have met the February 15th priority filing deadline can expect to receive their award letters in mid-March.
- Returning students who have met the March 15th priority filing deadline can expect to receive their award letters mid to late April.

**Check out our new Financial Fitness section on the Web for
information on Debt and Money Management!
www.financialaid.neu.edu**

EXPERT ADVICE. FRIENDLY SERVICE. PERSONALIZED SUPPORT.