

**Yes, You Can MoneyClips eNews**

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### **Financial Aid Gives Students a Valuable Lesson in Financial Responsibility**

**KANSAS CITY, Mo.** – As many high school students prepare to head off to college next fall many may be applying for scholarships, grants or student loans to cover the costs associated with gaining a higher education. In some cases, the funds students receive may exceed the cost of tuition and can be used for such necessities as rent, transportation to and from school, textbooks and other education-related expenses. While it may seem like a simple process to receive the funds and disperse them as needed, students need to be aware of some potential risks when accessing and managing their scholarship and student loan assistance.

#### **Beware of debit card fees and regulations**

After financial aid funds are applied to tuition costs, some colleges and universities partner with third-party companies to provide leftover funds to students. In some cases the excess funds are applied to a debit card that is marketed as a school-sponsored student identification card. While this may seem very convenient, students should be aware that these cards can carry substantial fees when used to access their money, for a PIN debit transaction or when using a non-network ATM. In some cases, there is even a fee charged when an account is inactive.

Students can't be required to use a specific financial institution or credit/debit card to access their financial assistance so they can avoid this scenario by opening a checking or savings account that doesn't carry excessive fees. Another option is to sign up for direct deposit for any financial aid funds, if the school offers that option. If problems associated with a student checking account arise, the Consumer Financial Protection Bureau has a complaint portal for reporting concerns.

#### **Student loans shouldn't be treated as a gift**

A study by Junior Achievement and PwC finds 24 percent of millennials expect their student loans to eventually be forgiven and they will not have to pay them back. It's important for students to remember when accepting federal or private student loans that they are expected

to pay back the money on a pre-determined schedule. Failure to do so can have serious consequences for a young person's credit history. On the other hand, paying back student debt on time can provide a tremendous boost to establishing a positive track record and can make it easier to obtain credit going forward.

Understanding the repayment expectation is an important aspect of accepting financial aid. According to DefendYourDollars.org, college loans are much harder to get discharged than other types of unsecured debt. Even if a student files for bankruptcy, it can be almost impossible to get out of paying college debt, including private student loans.

### ***Interview Tips***

- Research popular student loans to determine typical payment schedules and the consequences of defaulting on such loans.
- Talk to your school's college counselor to learn what resources he or she can provide to help student's find and apply for loans.
- Determine the average cost of a state and private college or university in your region. Then create a budget chart for typical expenses (lodging, food, car payments, etc.). Add these figures together and use the number as your base for the average "college budget." This will help your readers understand the true cost of college and what loans may be needed.

### ***About Yes, You Can***

Financial education has always been important to American Century Investments, which believes one of the greatest gifts it can offer is the opportunity for children and young adults to learn how to achieve financial independence.

*Yes, You Can* is based, in part, on the beliefs of Jim Stowers, founder of American Century Investments and co-founder, with Virginia Stowers, of the Stowers Institute for Medical Research. For more information on the *Yes, You Can* program, visit <http://www.YesYouCanOnline.info>.

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