

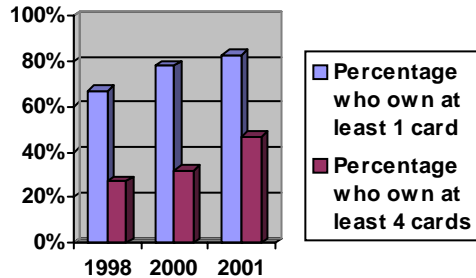
Credit Card Debt and the College Student

By Daniel Johnson

Credit card companies make use of massive marketing campaigns of which you, as a college student, are a favorite target of. Students are inundated with credit card offers through the mail, internet, and even on campus that often lure them with free t-shirts, coffee mugs, and other gifts. These offers may also include a low introductory teaser interest rate. It is no surprise then that credit card use among college students is at an all time high and still rising. According to a study by Nellie Mae, in 2001 83% of college undergraduates owned a credit card, compared to just 67% in 1998. What is even more telling is that 96% of all college seniors own a credit card. The average number of cards owned by college students is 4.25, with seniors having a whopping average of 6.13 cards.

College Students with Credit Cards

Source: Nellie Mae

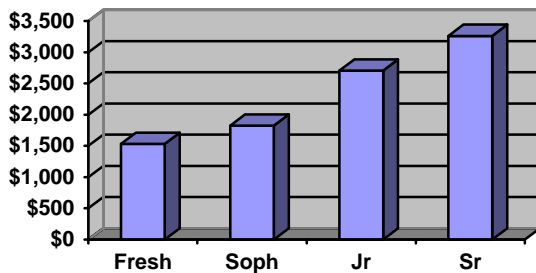


Simply owning a credit card, of course, is not a bad thing. Credit cards are often convenient and sometimes even necessary. However, many college students are simply not educated on the drawbacks and true expenses of using credit and, as a result, often misuse their credit. This can be seen in the significant credit card balances carried by many students.

According to Nellie Mae, the average credit card debt among college students is \$2,327, with

27% of all students having a balance greater than \$3,000. As you might expect, seniors have even larger amounts of debt. The average credit card balance among seniors is \$3,262, with 40% carrying a balance greater than \$3,000. In fact, nearly 1 in 10 seniors has a balance exceeding \$7,000. The number of cards owned and the average debt carried increase steadily as a student progresses through college.

Average Credit Card Debt by Grade



Excessive credit card debt is a serious problem. Particularly when combined with large student loan debts, credit card debt can cause a serious financial burden for recent graduates. Fortunately, it is possible to stay out of debt and avoid starting off in a hole. With the proper education and planning, most college students can graduate with much lower debt loads.