WELLS FARGO

CollegeSTEPS™ magazine

No. 4

A special publication for students and parents from Wells Fargo

Contents

Welcome to **CollegeSTEPS** magazine!

Going to college is an exciting time. At Wells Fargo we believe in the value of a college education. More importantly, we believe that this is a great time for students to begin building a solid financial foundation, which helps ensure success in the future.

In this magazine, you'll find important information on choosing a college and navigating the financing process. We encourage students and parents to use these articles to start conversations about funding a college education, wise checking account use, spending with credit cards, and building good credit.

We also invite you to visit us online at **wellsfargo.com/resourceguide** for additional resources and tools to help with college planning and getting financially prepared for college.

Best regards,

Kirk Bare
Senior Vice President
Wells Fargo Education Financial Services

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Career choices

Getting a college education now means more money from your career later. That's not just a wishful American dream, it's backed up by economic research.

By age 33, the typical college graduate who enrolled at age 18 has earned enough to compensate for borrowing to pay the full tuition and fees at the average public four-year institution, including the interest on student loans to cover those charges, according to a College Board study.* That's excellent news for those concerned about the cost of an education. You're likely to earn that cost back well before you turn 40.

Of course, career earnings vary by the employer and the region of the country you choose, but many occupations deliver great earnings returns for your undergraduate education dollar. Computer software engineering, multimedia art and animation, environmental engineering, and social service are all growing fields where a bachelor's degree is your key to entry.

Make career research part of your whole education finance plan. You'll see how your investment can grow for your entire life.

Borrowing to pay for college? See how your career choice may affect your ability to repay.

Estimate future payments and how they'll fit into your future budget with a worksheet from our **CollegeSTEPS**™ Resource Connection at **wellsfargo.com/resourceguide**.

The typical bachelor's degree recipient can expect to earn about 66% more throughout their career than the typical high school graduate earns over the same period.*

* Source: The College Board, Education Pays 2010

Your
new school...

Will it be a cutting-edge school in the city with a mix of cultures?

A college in the backcountry where students hike, bike, and ski?

Are you zeroed in on a major and looking for the best program?

Or are you still exploring your options, interested in a school with a wide range of majors?

Campus connections

How to make the most of visits to your prospective schools.

With thousands of schools to choose from, sorting through the variety can be as challenging as taking the SAT.

Guidance counselors and admissions advisors agree that visiting a potential school is the best way for students to decide what they want in a college experience.

Smart planning is important

The most popular time to check out schools is from spring of the junior year through fall of the senior year. That's a demanding time, when students' work and activity schedules are at their most demanding. So it's particularly important for students and parents to be smart and strategic when planning campus visits. Here are some suggestions:

Take a personal inventory

Before hitting the road, do some serious soul-searching about what you want in a college, including school size, geographic location, and academic programs. Conversations with older siblings, cousins, or friends about their college experiences can also be useful.

Connect from where you are

Most colleges and universities offer virtual tours through their websites. You can also find out when recruiters will be coming to your area. A face-to-face meeting with someone who works on campus is a great way to get a feel for a school as well as a potential advantage when it comes to standing out from the pack of other applicants.

Make the most of your time

Concentrate on one region at a time, booking no more than two visits a day. Campus tour costs can add up so make sure to make the most out of the investment. If you have a special interest, call ahead and arrange to meet with a coach or department chair. On campus, immerse yourself in the culture: eat in the cafeteria, stroll the campus on your own, check out the local student hangouts. Be sure to visit the school's financial aid office to ask questions and gather information.

Share the experience

To save on costs, team with other families for campus visits. Maybe your student travels the West Coast with a friend's family, and their teen comes with your family on a tour of Mid-Atlantic schools. Not only is this arrangement economical, it also allows students to share notes on their experiences.

Go back for a second look

Once you've gathered your impressions and narrowed your choices — or maybe after receiving an acceptance — a follow-up visit to one or two schools may be in order. That visit may include an overnight stay in student housing to help you decide if you really like a school and its campus life as much as you thought initially.

What should you ask on a campus tour?

Get a list of questions through the **CollegeSTEPS** Resource Connection at **wellsfargo.com/resourceguide**.

Paying for college 101

Where does the money come from?

Sure, college is expensive, but it's probably more affordable than you think.

If you are concerned about the rising cost of college, you're not alone. But some form of postsecondary education or training can be a solid foundation for those who want to ensure a successful future.

Consider, for example, that in 1975 a man who graduated from college could expect to make about 19 percent more* than a high school graduate, according to the College Board. In 2007, the earnings gap was a staggering 64 percent.

Also consider that a college graduate is twice as likely to be employed than someone with no college degree. In the new realities of our economy, that extra edge makes a real difference.

Sure, college is expensive, but it's probably more affordable than you think. That same College Board* study found that the majority of students at four-year public colleges paid less than $7,000 annually in tuition and fees. So when you take into consideration the high costs of not pursuing higher education — as much as $1 million in lost earnings over a lifetime — college can pay dividends far beyond the cost of tuition and other educational expenses.

* College Board: Education Pays 2007

Start with the FAFSA

Parents and students alike often think that federal assistance is available only to those who are struggling to make ends meet. As a result, many families bypass the federal financial aid process thinking they earn too much or have too many assets to qualify for federal programs.

The truth is that the federal government is an excellent resource for anyone in search of cost-effective solutions to cover education expenses. The federal government provides aid in the form of grants, work-study and student loans. Most students qualify for federal loans, grants, scholarships, and work awards regardless of family income, and there is an option designed just for parents.

The first step in the financial aid process is filling out the FAFSA (Free Application for Federal Student Aid), which is used to determine the aid package you'll be offered by the schools you're considering. You should complete the form online as soon as possible after January 1 at **fafsa.ed.gov**. Filing online greatly reduces processing time and helps catch common mistakes that could hold up a paper application. Some aid is awarded on a first-eligible, first-awarded basis. So the earlier you can apply the better.

The FAFSA does require a great deal of information, including tax and earnings data, but there are many free online resources, and colleges are also happy to lend a hand.

That doesn't make paying the bills any easier, but you don't have to max out the credit cards or liquidate assets just yet. First, take time to explore the many financial aid options available today.

Scholarships

Scholarships are awarded as "free" money or "gift" aid to attend college, which means you don't have to pay them back. Don't think you have to be a straight A student or a star athlete to receive a scholarship. There are many scholarships that aren't based on grades or athletic talents, so explore this option even if you don't think you'll qualify. Most scholarships are for only one year. If you are awarded a renewable scholarship, it probably will have a catch for renewal, like maintaining a specific grade point average, or fulfilling a performance expectation (like playing on a sports team).

There are tons of scholarships with a range of criteria. Some scholarships are awarded based on the state you live in, religious affiliation, gender, community service, ethnicity or race, disability, parent(s) place of employment, talent, or other special interest. Even with the wide range of criteria, though, it's common for scholarship selection to consider financial need.

Grants

Grants, like scholarships, are free money and do not have to be repaid. While scholarships are normally awarded on the basis of academic merit, academic study, performance, or other criteria, grants are usually based on financial need. Not all grants are based strictly on financial need, so you should explore all possible grant opportunities as a part of how you plan to pay for college.

You'll automatically be considered for a number of grants by starting the federal financial aid process with the FAFSA (Free Application for Federal Student Aid).

Student employment

Working while in school can be an important part of how you pay for college. Studies have shown that students who work 10-12 hours a week

Where should you look for scholarships?

The **CollegeSTEPS** Resource Connection has a list of questions to get you started. Head to **wellsfargo.com/resourceguide** to learn more.

Paying for college 101

(Continued)

actually perform better academically than those who do not work at all, but keep in mind that working excessively could compromise your ability to be successful in college.

You may find that you're eligible for Federal Work-Study Student Employment through the FAFSA process. Work-Study jobs are typically on campus. However, off-campus positions may be available with a private nonprofit organization or a public agency.

If you don't qualify for Work-Study, consider finding other jobs on campus — maybe at the computer labs or in the dorms. Or you could look for off-campus work at a restaurant or retail store. If you can, try to find a job that could be helpful with your future career.

Loans

There are a couple different types of student loans. It is common for students and parents to borrow a combination of federal and private student loans to cover college costs. Federal student loans, like Federal Stafford Loans, Federal PLUS Loans for parents, and Federal PLUS Loans for graduate and professional students can be used for educational expenses such as books, room and board, and supplies. These loans have fixed interest rates.

Private student loans are intended to cover costs beyond the limits of federal aid, and should be considered after all school, state and federal aid options (including federal loans) are exhausted. Private loans are credit-based, so undergraduate students may get better terms by having a cosigner. Or a parent or sponsor may be able to borrow the funds themselves to pay for the student's costs. Private student loans usually come with a variable interest rate and repayment terms that range up to 25 years. And because education loans have certain tax benefits, a private loan may be a better solution than using a credit card or tapping retirement savings.

Many lenders, like Wells Fargo, offer private loans that can cover 100 percent of the costs that remain after the student has exhausted his or her federal aid options, grants, and scholarships.

Want to see the financial aid process mapped out step-by-step?

You can with the **CollegeSTEPS** Resource Connection. Get that and other helpful information at **wellsfargo.com/resourceguide**.

Harvesting financial aid

$143 billion:
The total dollars in financial aid available for the 2008-09 school year

$10,200:
The average total per student of grants and tax benefits awarded at a four-year private institution

$3,700:
The average total per student of grants and tax benefits awarded at a four-year public institution

$2,300:
The average total per student of grants and tax benefits awarded at a two-year public institution

2/3:
Proportion of students receiving education grants

For the 2010-11 school year, one year of full-time undergraduate tuition, room and board cost an average of:

$19,242 at an in-state public college or university.

$39,260 at a private college or university.

Sources: National Center for Education Statistics, The College Board

Borrowing for the future

Where to turn when grants, scholarships, and federal loans are not enough.

With the rising costs of higher education, an increasing number of students and families are turning to financial aid for help. And sometimes, even after securing scholarships, completing the Free Application for Federal Student Aid (FAFSA) and applying for federal student loans, families still have a funding gap. Private student loans can help cover that gap.

What is a private student loan?

Private student loans are offered by private lenders such as a bank or credit union. Private student loans usually come with variable interest rates which means the rate can change during the time that you have the loan.

Students should only use private student loans when their other funding isn't enough. Private student loans can also be a good option for you if you either choose not to apply for or are ineligible to receive federal student aid. You can usually borrow up to the cost of your education (tuition, room, board, books, etc.), minus other financial aid. When you apply for a private student loan, lenders will check your credit. The quality of your credit plays a large role in determining what your interest rate will be.

Private student loan lenders may review your credit rating as well as your income and employment history. Don't have a credit history? Don't worry. Due to these requirements, most students choose to apply with a creditworthy cosigner — usually a parent or relative, although a cosigner can be anyone the student chooses as long as he or she meets the lender's credit criteria.

Because they reduce the risk to the lender, a qualified cosigner may increase your chances of qualifying for the loan and may even help you receive a better interest rate. A cosigner is obligated to repay your private student loan in the event you fail to make payments. Private loans that are certified by your school (meaning they verify your cost of education and other aid received to help determine what you can borrow) and often come with lower interest rates than "uncertified" private loans. Repayment on a private student loan typically begins six months after you leave school. There is usually a standard repayment plan of equal payments over a set period of time, but and you may be able to choose an alternate repayment plan that works better for you. The interest on both private and federal loans may be tax deductible (consult a tax advisor to be sure).

Students should only use private student loans when their other funding isn't enough.

What questions should you ask as you research your options?

What should you look for in a cosigner?

What are your rights and responsibilities as a borrower?

Get the answers to your private student loan questions with our guide to private student loans. It's part of the **CollegeSTEPS** Resource Connection available at **wellsfargo.com/resourceguide**.

How do I get started?

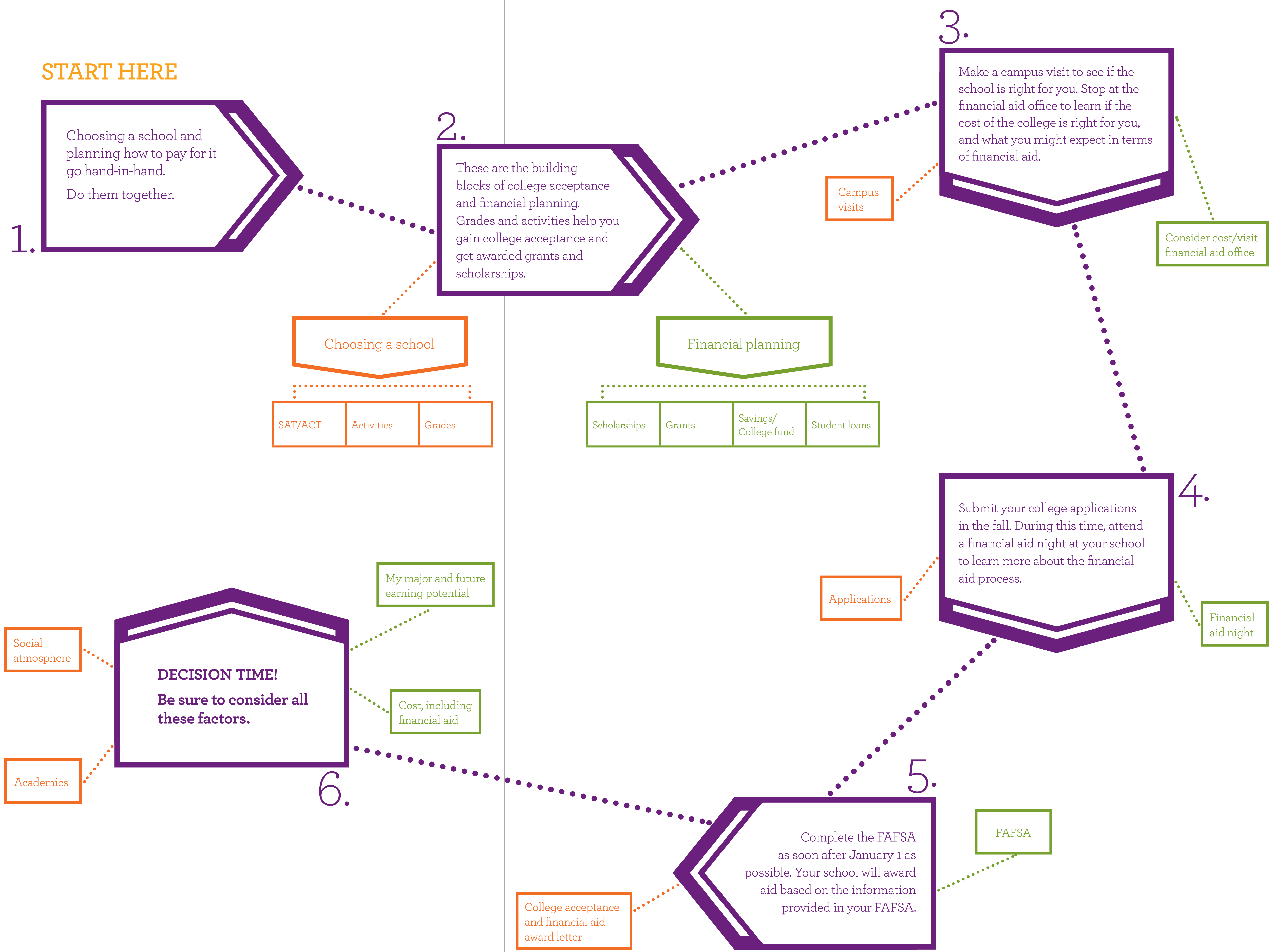
Before you accept any loan, talk with a financial aid advisor at your school and become familiar with all your options. Be sure that you know the financial aid deadlines for both your state and your school as they may be different. And don't forget to complete your FAFSA — it's the best way to discover all of your financial aid options.

Preparing for college...

Gearing up for college is a job that requires balance between the desire for the best education possible and reality of paying for it.

Students and parents should work together to find the right school at a reasonable cost to the family.

When you're stuck in the details, this chart can help you get to the "big picture."



College conversations

Talking about money is never easy, but it's a critical part of preparing for college.

As your child starts preparing for college, there are some key discussions that can empower them to make smart financial choices for their future.

Soon they'll be making those decisions on campus, so now is the time to have a conversation (note that it's not a lecture) about money and college.

College and career choice

You've probably got a good idea of what your student is interested in studying and maybe where they want to attend college. But it's important to sit down to talk through the options because those decisions will impact more than just the next four years.

Once you've talked through the options, you may need to give your child a tough dose of reality to make sure they're able to afford those choices. The conversation may go something like this:

"I know you're very interested in attending 'Really Expensive College,' but we're going to have to consider what kind of financial aid package they offer you. Because you plan to study XYZ, you'll probably start out at a salary of around $25,000. Once we see your financial aid package, we'll have to figure out how much money you'll need to borrow, and what your monthly payments will be once you graduate. If it's going to be too much to handle on your salary – and I can help you figure that out – you're going to have to consider 'Less Expensive College.'"

Of course, the discussion may not be that simple — especially if your child is very attached to the idea of attending an expensive school and following a career path that doesn't justify the price tag. But hang in there, parents, and keep them focused on financial reality. They'll thank you one day.

Money management

You can set your child on the path to college success by encouraging them to take the right classes and develop good study habits. You can also set the on the path to financial success in college with some conversations about money management.

What factors into the college selection decision?

What factors into the college selection decision? We've got a worksheet to show what's important to you and your student in the **CollegeSTEPS** Resource Connection. Get it at **wellsfargo.com/resourceguide**.

Before they head off to school be sure to revisit the needs vs. wants conversation. It might not be the first time you've had this discussion, but it is important to reinforce the concept. Soon they'll be making money choices without you looking over them.

You should also chat about who's covering what costs. You and your child may have very different ideas about who will be paying for what during college. You might be surprised at what your child assumes you'll be covering.

Talk with them about all the costs that are involved with owning a car, renting an apartment, and sending those unlimited text messages. Make sure you're on the same page about which bills you'll pay and which bills they'll pay.

Remember to discuss the biggies like their cell phone, rent and utilities, car insurance and personal expenses like food, clothes, and haircuts. Your student might be more inclined to shop for bargains or skip the hair color with their next cut if the money is coming out of their own pocket.

Also cover the "what if?" situations of college. When will you be willing to help buffer their finances and when will they be on their own? Will you just help with emergencies only or give a little extra cash when they find themselves running low?

Helping your student borrow successfully

Once students set foot on campus they might not give their student loans a second thought until stepping off the graduation stage. Maybe you won't either.

There are things you can do now so you're both prepared when repayment comes — and maybe even get ahead of the game. Following are tips to help your student throughout the process so they can repay their loans on time and build good credit. They may not understand the importance right now, but they'll thank you when they're 30 years old.

Understanding loan obligations

When taking out a student loan, be sure your student understands all the responsibilities related to their student loan. Here's a quick list of things every student borrower should know:

Who is your lender?

This may seem like a no-brainer, but in a time when it's common to hold multiple student loans, and loans are often sold, it can get confusing. If your student isn't sure who their lender is, contact the school's financial aid office.

Early payments make a big difference

Paying down student loan debt or making interest payments during school can help lower the total they pay overall.

Repayment is absolutely required

By signing the promissory note/credit agreement, your student agreed to repay the loan — no exceptions if he or she didn't earn a degree, is unable to find employment, or is dissatisfied with the education received.

Open all mail from your lender

As a parent you're opening mail and paying bills regularly. But your student may not pay attention to snail mail. However, students with loan obligations need to understand it's critical that they open and read all mail from their lender and ensure the lender always has their correct mailing address.

Keeping paperwork is key

Encourage your student to start a student loan file and keep copies of all paperwork related to their loan.

Understanding the cosigner's role

If your child needs a private student loan, chances are you or another adult is going to need to cosign the loan. A cosigner is someone with a more established credit history than the borrower, who can offer backup responsibility for the loan. Cosigners must meet credit, income, and employment requirements and may increase a student's chance of approval or help them secure better terms.

Cosigning a student loan is an opportunity to help a student pay for college. It's an important responsibility, so potential cosigners should fully understand the agreement before cosigning. A cosigner agrees to assume equal responsibility for repaying the loan. The loan becomes a part of their credit history, even if the student is making all the loan payments.

Cosigners should understand how much the student plans to borrow, and how the money will be spent. It's wise for a cosigner to get guest access to the student loan account online before repayment begins, to help ensure payments are being made in full and on time. Cosigners should also keep copies of the loan disclosures and credit agreement. Cosigners should also be prepared for the unexpected. If the student doesn't repay their loan, the payments become the cosigner's responsibility.

Cosigners should talk with the students about insurance options and repayment strategies to ensure that they're covered should something happen.

Budgeting for repayment

Help your student understand that everything they do now can affect their student loan repayment. Make sure they

Have you weighed all the options for financing your child's education?

Check out the pros and cons of each option through the **CollegeSTEPS** Resource Connection. It's full of helpful tools and resources. Get it at **wellsfargo.com/resourceguide**.

Helping your student borrow successfully

(Continued)

understand the realities of what they've borrowed or you've borrowed on their behalf. When they think about taking fewer credits, remind them that as their graduation date gets farther out, the amount of student loan interest goes up.

Think about things you both can do now to ease repayment. Encourage your student to pay down the interest that's accruing during school. Or offer to pay that for them so they start repayment with a lower balance. In-school payments aren't required on most loans, but interest still accrues. If students pay off the interest even though they don't have to, they can save in the long run. Make sure your student understands that all that unpaid interest will be added to the principal balance and be charged interest of its own during repayment.

Sometimes numbers can speak louder than words. Take these two students:

Each of the four years the were in college, they borrowed $7,500 with a 7% fixed interest rate each. That's a grand total of $30,000 in student loans. One paid off the interest before repayment, the other did not.

	Student A	Student B
Total principal balance	$30,000	$30,000
Total interest while in school	$5,250	$5,250
Amount of interest paid before capitalization	$0	$5,250
Principal balance at repayment	$35,250	$30,000
Total payments over the life of the loan (120 months)	$49,113.89	$41,799.05
Total interest	**$13,863.89**	**$11,799.05**

Student B pays **$2,064.83 less** just by paying the interest that accrues during school. Just think what kind of savings there could be if that student also paid more than the minimum payment each month.

You should also make sure your student isn't over-borrowing. Offer a salary reality check to make sure they'll be able to afford their student loan payments. Here's a quick exercise to get a pulse on what they're borrowing:

1. Add up the total amount they'll owe on their student loans. Review disclosure statement for each loan.
2. Estimate what the monthly payments will be. Use online calculators to estimate payments.
3. Be realistic about what your student's starting salary will be after graduation. Find the estimated salary through the Bureau of Labor Statistics: **bls.gov**, subtract 15 percent of the annual salary for taxes and then divide by 12 for the estimated net monthly income.
4. Compare the estimated monthly payment with the estimated monthly income. Student loan payments should be 10 percent or less of a student's net monthly income.

Access granted

Why open a checking account?

A lot of advantages

1. You can easily pay bills for rent, groceries, telephone service, and more.
2. You'll avoid the high fees of using a check-cashing service.
3. You can also use your debit card for your checking account to make purchases.
4. Funds in checking accounts are FDIC insured, up to applicable limits.
5. You can begin building a relationship with a bank that may help you in the future when you apply for a loan to buy a car or a home.
6. You can have funds deposited directly into your account, saving you trips to the bank.
7. You write checks yourself; you don't need to pay to have a money order written.
8. The account will allow you to pay your bills and do your other banking transactions online or by telephone.

A little work

1. Keep a record of every deposit, withdrawal, purchase, and check, plus any fees in your check register.
2. Avoid "bouncing" a check — writing a check without enough funds in your account to cover the total. The bank and the recipient of the check may charge you a fee for this error.
3. Ensure your account has sufficient funds to cover automatic payments you set up with your payee. Fees may be charged for failed attempts to cover automatic payments.
4. Withdraw, deposit, and check account balances* at your bank's banking locations or ATMs to avoid fees for out-of-network transactions.

* Please note that some transaction activities (such as outstanding checks and some debit card purchases) may not be reflected in your available balance.

Look for these benefits that come with your checking account:

- A large banking location and ATM network
- Easy-to-use online banking and bill payment services
- A convenient debit card
- Options for overdraft protection
- Benefits when you open other accounts or services with your checking account

Want more tips on managing your money?

Get advice on budgeting and more with the **CollegeSTEPS** Resource Connection at **wellsfargo.com/resourceguide**.

Debit cards make it easy to manage your finances

While most checking accounts now include a debit card, not all debit cards are alike. Look for a checking account debit card that offers:

- Fraud and theft protection
- Budget tools that help you evaluate your spending and saving patterns

Caring about credit

Good credit gives you flexibility in life.

Simply put, credit is the ability to buy something now and pay for it later. Home loans, car loans, student loans, and credit cards are all examples of credit.

Credit adds flexibility to your life, allowing you to finance expensive items, shop without carrying cash, easily book flights and hotel rooms, or pay for emergency expenses.

What is credit and why do I need it?

Credit is not free money. You pay for the privilege of borrowing, whether it's interest you pay on your student loan or fees on a credit card.

Why is maintaining good credit important?

People with good credit usually enjoy lower interest rates and greater borrowing power. "It is important to establish credit if you plan to buy a home or automobile some day," explains Mike McCoy, President, Wells Fargo Consumer Credit Card.

Good credit is earned. Sticking to the terms of even a small loan, like a cell phone plan, demonstrates your ability to pay bills on time. Breaking the terms of that loan hurts your chances of getting credit in the future.

How does credit reporting and credit scoring work?

A credit report and score help lenders determine how likely you are to repay money you borrow. Credit reports and scores are based on how much debt you have, how long you've been a borrower, what types of loans you hold, how often you've applied for credit, and your payment history, among other things.

The major credit reporting agencies — Equifax, Experian, and TransUnion — issue scores based on information they gather on your financial habits. A higher score increases your likelihood of receiving lower interest rates or being approved for new credit. A lower score means you may be charged a higher interest rate or rejected for new credit. A lower score may even jeopardize your chances for landing a job.

Can I see my credit ratings and scores?

Yes. At your request, each of the three credit-reporting agencies must provide you with a free copy of your credit report once every 12 months. Order reports online at **annualcreditreport.com** or by calling 1-877-322-8228. Credit scores are not shown on free reports but can be obtained for an extra fee.

"It is important to establish credit if you plan to buy a home or automobile some day."

— Mike McCoy, President, Wells Fargo Consumer Credit Card

How can I protect my credit?

The most important thing you can do to build and keep good credit is to pay your bills on time.

For young adults, credit cards can be a good way to build their credit and a fast way to hurt it. "Customers young and old alike should not charge more than they can easily pay off in a month or two," advises McCoy. "While customers are required to make minimum monthly payments, we strongly encourage them to pay the balance in full each month. We want our customers for life. To do that, we need to help them succeed financially."

There are more tips for managing your credit in the CollegeSTEPS Resource Connection.

Get it at **wellsfargo.com/resourceguide**.

Here are a few more tips to best manage your credit:

- **Limit yourself to one card.** Shop for the card that best fits your needs, making sure you understand its terms.
- **Watch out for "teaser" or introductory rates.** They may rise significantly after the introductory period or if you miss a payment.
- **Use cash advances for emergencies only.** The fees can be high, and the interest rate is usually higher than on purchases.

With discipline and effort, you can effectively use your credit card as a tool to build a good credit history and position yourself for better opportunities once you're out of school.

Charging ahead

Using credit cards wisely.

When you have a credit card, use it sparingly and pay off the full balance each month.

It's logical to open a credit card account when you start college. You may be living away from your family and you're facing all new expenses.

When you reach campus, chances are you'll receive many offers for credit cards. No matter how good the deal sounds, you don't need more than one credit card at this point in your life. If you get a credit card before you're 21, it's possible you'll need a cosigner on your application. Before applying, talk to your parents and together choose a card that best suits your needs.

Use credit cards with care

When you have a credit card, use it sparingly and pay off the full balance each month. As a rule, carrying a balance from month to month is not a good idea. But say you needed to charge emergency car repairs and now you're carrying a balance. What to do? Pay it off as quickly as possible. Pay off as much of the balance each month as you can; definitely pay more than the minimum balance.

That's not to say that you need to put your credit card in the deep freeze. It can be beneficial to start building your credit history by making small, manageable charges and paying them off right away.

Little charges add up

Research reveals that young adults are more and more comfortable using a credit card for day-to-day purchases — something previous generations were wary about. You should be wary too. Racking up lots of little charges — a pizza here, a pair of jeans there — can quickly add up to hundreds of dollars a month. That's a bill most college students really can't afford.

Unfortunately, many card-holding students put themselves in a serious bind. Almost half of college students have more than $2,600 in credit card debt, according to the U.S. Public Interest Research Group.

And as surprising as it may sound, some universities believe that they lose more students to credit card debt than to academic failure. It's hard to keep up in school if you need to earn money to pay off your credit card balances.

Lenders have learned that students owing substantial amounts of money on credit cards may find themselves hard-pressed to make payments on both those debts and their student loans after graduation. This can lead to student loan default (the term for ceasing to make payments). The lender reports this serious situation, and this can damage your credit record and credit score.

A poor credit record and score can lead to difficulty in the future when it's time to borrow money for other needs, like an automobile or home.

A better way to pay for school

When it comes to major purchases such as your college tuition and fees, don't rely on credit cards. Plan ahead and apply for financial aid (remember to start with lowest cost aid first). You may still be borrowing money, but student loans are different from credit card loans.

Here's why:

- In most cases, student loan payments are deferred until after you graduate.
- The interest rates are typically lower than the interest rates of most credit cards.
- A portion of your student loan interest payments may be tax deductible.

Want more college planning resources?

The CollegeSTEPS™ Resource Connection is your link to tools and tips from Wells Fargo. It's got information for both students and parents who are planning for college.

For students:

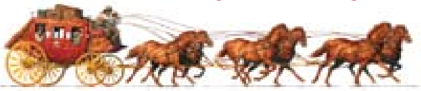
- A checklist of questions to ask on campus tours
- The financial aid process step-by-step
- Tips on finding scholarships
- Junior and senior checklists

For parents:

- A glossary to decode the language of education financing
- Pros and cons of various financing options
- A comprehensive high school checklist to keep your student on track
- Worksheets to help you talk about college selection with your child

Get these resources and more at **wellsfargo.com/resourceguide**.

Together we'll go far



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