



Back to School Shopping Tips

It's that time of year again when students and parents shop for school supplies, books, clothes, and college dorm essentials. These tips will help you make better choices.

Shopping:

- Make a list of what you need before you shop. If you are heading away for college, get the details on how your dorm room is furnished and communicate with roommates about what items they will be bringing so that you can share the costs of extra furniture, appliances and electronics.
- Compare prices. Check the weekly circulars before heading out to shop. Compare store prices with those available on-line.
- Before purchasing electronics such as computers, calculators, and cell phones, research products carefully, compare warranties and check reviews.
- If you're shopping online, pay by credit card and shop only from reputable sites.
- Some stores offer layaway plans which allow you to make periodic cash payments toward the total amount while the merchant holds the goods. The merchant can charge a small layaway fee, but that fee may be much cheaper than the interest charged by credit card companies.
- Consider shopping for clothes at thrift shops or consignment stores to buy at a fraction of the retail price for gently worn clothing.
- If you're buying college text books, look for used books first. See websites that may have lower prices.
- Know the refund and exchange policies before making any purchase (in-store or on-line) and keep your receipts!

Credit or Debit? Choose The One That's Right For Your Student!

Managing money away from home can be challenging for some college-bound students. Families should take time to discuss budgeting and the use of credit and debit cards to determine the best options for their students. Credit and debit cards are both convenient options - they are readily accepted by most merchants and reduce the amount of cash that students need to carry around with them. Credit and debit cards, however, offer different advantages and disadvantages.

Credit Cards – are revolving loans that allow the user to borrow money for individual purchases up to a set credit limit. The amount borrowed must be paid back each month or interest will be charged on the unpaid balance. Various fees may also be assessed according to the type of card you have. Under new federal law, individuals must be 21 years old to get a credit card unless they have a co-signer or can

prove their ability to pay the charges made to the card.

Advantages: Credit cards provide a measure of security that debit cards don't offer. Credit card charges can be disputed if there's a problem with the goods or services purchased. When credit cards are lost or stolen, federal law caps the users' loss at \$50. In addition, using a credit card wisely enables students to build credit histories that will aid in obtaining credit in the future.

Disadvantages: The ease of using a credit card can result in overuse and the accrual of large debt. Interest charges can quickly mount up if the balance is not paid each month, and if not paid on time, costly late fees are also added. Irresponsible use will damage the student's credit history making it more difficult to obtain credit in the future.

If you decide that a credit card is right for your student: Shop around for a card with the best terms – one with a low interest rate, no annual fee and few other low-cost fees. Use care when considering cards with “teaser rates” such as “0% interest for the first six months”. The interest rate after the introductory term has expired can often be much higher than other cards. Parents who co-sign for a student's credit card should monitor their use closely since they are ultimately liable for unpaid charges.

Debit Cards - are linked to a funds deposited in advance by the user. While most debit cards are linked to bank checking accounts, “pre-paid” debit cards that are not associated with banks are also available. When debit cards are used for purchasing goods or services, the purchase cost is deducted immediately from the account balance. If the purchase price exceeds the account balance, the purchase will be denied.

Advantages: Since purchases are deducted from the funds in one's own account, there is no interest or late fees to worry about.

Disadvantages: It can be inconvenient and embarrassing to have a purchase denied for lack of funds. To insure that there is enough money to cover all purchases, users must keep track of how much they spend. In addition, debit cards do not allow for the dispute of charges if a problem arises with a merchant, and lost or stolen cards must be reported more quickly. Finally, using a debit card will not establish a credit history for the user.

If you decide that a debit card is a good option: Shop around for the best deal. While there are no interest rates or late fees to consider, many debit cards carry other types of fees (such as transaction fees) so read the terms carefully. If the debit card is associated with a bank account, chose a bank that is convenient for both the student and parent to use.

To obtain this factsheet in an alternative format, please contact the Office of Consumer Affairs at 410-313-6420(voice/relay) or email us at consumer@howardcountymd.gov.