

CAAB's newsletter is designed to ensure that our IDA/MDA Savers are fully informed about relevant money management topics, effective savings strategies, financial education opportunities in the DC area, and upcoming CAAB events. Every month, we will feature a different article focusing on strategies or products that can help you plan for and achieve your savings goals.

Managing the High Cost of College

by Patrice Philippe

On May 20, I watched my sister graduate from the University of Maryland-College Park. She earned a degree in Communications, a minor concentration in Finance, and is in the top 5% of her class. As I sat with my family I watched speaker after speaker give speeches that were ignored by giddy graduates occupying their time by tossing beach balls, text messaging, or throwing paper airplanes. To my left my mother sat with tears in her eyes as her only daughter graduated from college, to my right my father had fallen asleep and taken off his shoes, and behind me my younger brother passed the time by playing Madden on his Nintendo DS. As I browsed through the program I read that there are about 6500 graduates in this years graduating class. Although this was my sister's big day and I am so proud of her and everything that she has accomplished, I couldn't help but wonder how much debt accompanied these degrees.

According to the National Postsecondary Student Aid Study, the average student loan debt among 2003-04 graduating seniors is \$19,237 (excluding PLUS Loans but including Stafford, Perkins, state, college, and private loans). The figures are likely much higher for 2006-07 graduates. Tuition has gone up almost 7% per year - exceeding wages, inflation, and the average financial aid award. Additionally, some colleges have admitted to taking kickbacks from student loan companies, and as a result, it has become more

difficult for students to get better deals and make better choices about student loans.

I graduated college not too long ago, and like most of my classmates I used credit cards to buy textbooks, supplies, food,



and pay tuition balances. I couldn't walk from the cafeteria to my dorm room without getting at least two to four credit card offers per week. With most college students, if you offer a free t-shirt and a coupon book to Taco Bell, KFC, or Pizza Hut, we will sign anything. And like most students, I became enslaved to the credit card companies.

So, how can you avoid some of these college debt traps? *Here are five things you should know:*

1) *You do not have to go to a "name-brand" college to get a quality education.* Like most things, you will get out of school what you put into it. Graduates of smaller, more affordable schools are able to compete in this job market with their Brown, Harvard, and Columbia counterparts.

2) *Look into a 529 college savings plan.* Talk to an investment professional before investing in one, but with this plan your money grows tax-deferred and is tax-free when withdrawn if it is used to pay qualified education expenses. (See CAAB 529 event on next page.)

3) *There may be no place like home.* Consider commuting from home - you may save money on room and board, food, and transportation.

4) *When it comes to textbooks, think used.* Trade textbooks with your friends, go online (boxofbooks.com, craigslist.com, amazon.com, etc), or simply check them out at your local library. Also keep in mind that some professors may require the most recent edition of a textbook (which they may have authored), but the previous edition can be just as good and may save you 50-90%.

5) *Search for scholarships, search for scholarships, search for scholarships.* I cannot emphasize this enough. Start searching for scholarships, grants, and awards at least one to two years before you plan to enroll. One of the best places to start is your local library. The Martin Luther King, Jr. Memorial Library (located at 9th and G Streets NW) has a college resource center. Visit www.DC.gov and go to the DC State Education Office and the DC Education Opportunity Center websites. You can also contact Capital Area Asset Builders (CAAB) about matched savings accounts that you can use for post-secondary education.

In the final analysis, even with rising college costs and

CONGRATULATIONS!

The following savers have made asset purchases in the month of May.

Homes

Cynthia Benjamin
Sari Houston
Leolseged Legesse
Imelda Contreras
Inmar Corea & Marta Mejia

Education

Earnest Jackson
Borjano Sako
Yenis Reyes
Diane Orellano
Selemawit Mekonnen
Charon Owens

unscrupulous student loan companies, higher education is still a good bet as the income gap between those with college degrees and those without continues to grow. There are just more opportunities for those with college degrees. The best way to graduate college without huge student loan debt is to start planning now!

Scholarships Available!

The Herb Block Foundation is offering scholarships of up to \$5,000 per academic year for students who lack the necessary financial resources to begin full-time attendance to pursue an associate's degree or a vocational certificate at Montgomery College or Prince George's Community College in Maryland, Northern Virginia Community College, or University of the District of Columbia (two-year associate programs only).

Applications and financial forms must be received by July 7 for the Fall Semester or November 10 for the Spring Semester. For more information, call 609.771.7878 or visit www.herbblockfoundation.org.

UPCOMING EVENTS & ANNOUNCEMENTS

Microsoft Software Training Courses

at Southeastern University, 501 Street SW (Waterfront SEU metro)

PowerPoint Intermediate (\$75) Fri, June 22nd 10:00 am - 2:00 pm

PowerPoint Advanced (\$75) Fri, June 29th 10:00 am - 2:00 pm

Word Beginner (\$75) Fri, July 13th 10:00 am - 2:00 pm

Certificate in Entrepreneurship

Management Covers issues like developing an operating plan, understanding insurance and security concerns, creating a mission statement, basic product development, presentation skills, planning, licensing, organizational structure changes, how to plan for growth, and how to plan for failure. (\$150) *Tuesdays, June 5th, 12th, 19th, OR 26th 6:30 - 9:30 pm at SunTrust Bank, 1445 New York Ave NW (McPherson Square metro)*

Money Management & Special Events

at CAAB, 1801 K St NW, Suite M100 (Farragut North metro)

Cashflow 101 Board games aren't just for kids anymore! Cashflow 101 is a competitive game designed by the author of *Rich Dad, Poor Dad* that allows you to experiment with investing in risk-free way – with monopoly money! To win, a player must get his or her character to buy their "dream" or accumulate an additional \$50,000 in monthly cash flow. (Free) *Saturday, June 23rd 10 am - 12 pm*

Saving for College Wondering when to start saving for your child's college education, or even how to do it? Laurent Ross from Calvert will be on hand to help you plan. He'll explain the benefits of DC's 529 Savings Plan, a tax-deferred investment account for saving for college. (Free) *Saturday, June 30th 11am - 1pm*

Ongoing Events

Workshops on Home Buying Free workshops teach potential homebuyers each step of the process, from how to get a mortgage loan to what happens at settlement. (Free) *English on Wednesdays 10:00 am - 11:00 am and Spanish on Thursdays 10:30 am - 11:30 am, at Home Resource Center, 815 Florida Avenue NW (for for more information, call 202-777-1600)*

La Importancia de su Dinero Como leer su reporte de credito, como mejorar su credito, como hacer un presupuesto familiar. Si tiene demesiada deuda y no puede dormir, debe atender este taller gratis. *El segundo lunes de cada mes, 6:00 PM - 8:00 PM en HCS Training Center, 2410 17th Street NW Suite 100 (contacto Elsa Zambrano 202-667-7006)*

CAAB CORNER

CAAB welcomes its newest employee, Emily Appel, who began in June as Program Associate. She came to CAAB from the Corporation for Enterprise Development, a national non-profit that promotes IDAs across the country, where she worked for three years after graduating from college. Emily lives in Arlington and likes to read, cook, and run - she is training for the Marine Corps Marathon in October. She grew up in the Washington, DC area, and is excited to help others in the community save money and become successful financially. "I have a lot to learn about saving and investing, because I want to buy a house someday soon - I guess I should sit in on the homeownership classes too!"

**Does your business help women?
If so, meet Avon's Hello Tomorrow Fund!**

Avon Products, Inc. is offering funds to assist individuals in realizing a business, project, or idea that will empower women in one of the following areas through business development, community service, or awareness and outreach. The Fund will award \$5,000 every week in 2007. Every Tuesday, a winner will be publicly announced and their profiles featured on the Hello Tomorrow website. There is no deadline for applications. For more information, go to: shop.avon.com/HelloTomorrowFund

Tell us how
you would
change the world
and you could
be awarded
\$5,000

Help Stop Loan Sharking in DC!

The DC Council is considering legislation to significantly reduce the interest rate and fees that can be charged for payday loans in the District. A hearing on the proposed law is scheduled for Thursday, June 21, at 1:00 p.m. in the Council Chamber at the John A. Wilson Building, 1350 Pennsylvania Ave. N.W. CAAB will testify in support of the proposal, and **we are seeking former or current payday loan customers to speak about the unfair terms and high cost of these short-term loans and the debt traps they can lead to.** If you're willing to talk about your experience with payday loans, please contact Colleen at (202) 419-1440 or cdailey@caab.org by June 18.

Join our community of savers!
Enroll in *DC Saves* today and
get even more savings tips
and resources!

www.dcsaves.org

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