

# Indiana MoneyWise

A publication provided by THE INDIANA SECRETARY OF STATE



## TOP 10 TIPS

TO HELP COLLEGE STUDENTS AVOID CREDIT CARD DEBT

### BACK TO SCHOOL ISSUE

#### BACK TO SCHOOL BUDGETING

5 STEPS TO GET YOUR CHILD INVOLVED

#### HOW TO START SAVING FOR COLLEGE

REDUCE YOUR STRESS AND START SAVING TODAY



#### A MONEYWISE Q&A VIDEO SERIES

VALUABLE INSIGHTS FROM SECRETARY OF STATE CONNIE LAWSON



# BAC



**1** Before you start shopping, take an inventory of what you already have.

**2** Get your child involved.

**3** Separate needs from wants.

**4** Learn to spot real savings.

**5** Start early and shop often.

5 tips to stick to a budget while teaching your child the value of a dollar.



# CK TO SCHOOL SAVINGS

Tips for saving money while teaching your child the value of a dollar

*A quick Google search for "saving on school supplies" yields plenty of results. Some are basic, like couponing. But there are many ways to save money while also teaching your child the value of a dollar.*

## **Don't forget about what you have left over from last year!**

Prior to shopping, take an inventory of what you already have. Determine what things your child actually uses and doesn't need.

**GreatSchools.org** recommends setting aside space in your home for all the school supplies. It could be a special container or a dedicated shelf in a closet. If the supplies are kept in the same place year round, you have the benefit of knowing exactly what you have and teaching your child about organizing.

## **Get your child involved.**

Carolyn Erickson at **Living on the Cheap** advises to tell your children they have a set amount of money they can spend on school supplies. Whatever is left over, they can keep. Talk about

an incentive to save! This can even be a great way to introduce your child to the concept of budgeting.

## **Separate needs from wants.**

Teaching your kids how to tell the difference between what they need and what they want is a valuable life lesson that will save everyone money. Have this important conversation EARLY because as your child ages, the power of peer pressure makes it increasingly difficult to say no to buying something because "everyone else has one!"



# BACK TO SCHOOL SAVINGS



Don't be deceived by signs that claim something is on sale.

## Learn to spot real savings.

Pay attention to things "on sale." A brightly colored sign doesn't equal savings! You need to know how much something normally costs before you know if you're actually getting a bargain. [PassionForSavings.com](http://PassionForSavings.com) has a great list that shows you regular retail prices and the prices you should look for if you want to save. This can be a fun activity for your child. Ask your child to help you find savings. Remember our tip about passing on any savings. It's great motivation to turn your child into your own personal bargain hunter.



Carry that all-important list with you. You may snag savings when you least expect it.

## Start early and shop often.

The [U.S. Census Bureau](http://U.S. Census Bureau) states retailers bring in the most money on back-to-school supplies in August. Families spent \$8.5 billion dollars at clothing stores and \$2.0 billion at bookstores in August of 2012. Look beyond just August for your school supplies. Thinking about what you need for school all summer long may snag you savings when you least expect it. Also, waiting until after school has started might yield you savings when stores are trying to get rid of products to make room for others. Pricy items, like laptops and other electronics, require the most consideration before picking the one that's best for you. The good news is that these items generally are as inexpensive as they're going to be in August.







## Indiana MoneyWise Q&A

My Child Wants it All!



CONNIE LAWSON  
*Indiana Secretary of State*

Indiana  
MoneyWise



# COLLEGE

## MoneyWise

### COLLEGE STUDENTS NEED TO UNDERSTAND CREDIT BEFORE GETTING CREDIT CARD

Heading off to college is both a time of excitement and nervousness. College is a new level of independence you may not have experienced in high school. In many ways, you are free to make your own decisions, to explore new aspects of life and to establish your own financial freedom.

As a new college student, you will be inundated with credit card offers. Some students consider getting their first credit card a rite of passage. It can be a sign of your financial independence and a useful tool in establishing your credit. However, be mindful of credit cards and their consequences. It is far too easy to fall into the credit card trap which can ruin your credit for a long time.

Having a credit card can be very beneficial, but it comes with great responsibility. Credit cards have the potential to set you up with a strong financial foundation for the future or steer you down a path of never-ending debt.

Understanding what good credit means to your financial world is as important as maintaining a strong GPA for your academic world. How you manage your credit can determine your future financial situation.

## Do I really need a credit card?

If you are able to pay for all your needs with cash, check or debit card, do you really need one? It is important to analyze your financial situation without a credit card.

## What will I use the credit card for?

Avoid using a credit card to finance your college education and living expenses. Do not use it to purchase that "something" you have always wanted, especially if you are not willing to pay cash for it. Using a credit card for these types of expenses is a good way to quickly and unknowingly build up credit card debt.

## How much credit do I need?

Having a large credit limit is an easy way to build credit card debt quickly. Consider starting out with a low credit limit and always make sure that your income is sufficient to pay off the debt that you incur.

## How am I going to pay the bill?

Aim to pay off the credit card balance every month. If all you can pay is the minimum payment every month, it can take years to pay off that debt and cost you hundreds of dollars in interest.

# Credit Cards and College?





## Which card should I get?

Look at cards with low Annual Percentage Rates and low or no annual fees. High APR and annual fees can drastically increase your credit card debt and make it harder to pay off. Also consider a prepaid or secure credit card. It's a great way to build your credit while staying within a specific credit limit.



## How do I use this card to my benefit?

The best way to use your credit card to your benefit is to be responsible with the card and what it entails. Pay your balance on time and in full every month. Only charge what you can afford and don't go over your credit limit. Monitor your account online and your credit history. Stay away from cash advances that can add on additional fees.

## What do I do if I find myself in credit card debt that I can't manage?

Seek out help. The worst thing you can do is not address it. Talk with your family or contact a consumer counseling agency in your area. Try visiting [www.nfcc.org](http://www.nfcc.org) for more information on these agencies.



# SAVING FOR COLLEGE

Are you and your spouse considering furthering your education to achieve career goals? Do you have children who will attend college? If so, you'll want to start saving straight away as higher education costs are on the rise.

The **College Board** indicates the average yearly tuition at a public four-year in-state university is \$8,655. That number more than doubles for out-of-state tuition to \$21,706. Neither cost includes room and board, books, computers or all the other items a student will need.

## **If the cost stresses you out, you're not alone! Reduce the stress and start saving.**

- **Open a savings account dedicated to your education goals.** Determine how much of your monthly budget you can realistically contribute and commit to saving in that account.
- **Research [Indiana's College Choice 529 Plan](#).** You can open an account for as little as \$25 and can earn an income tax credit of 20 percent of contributions to your 529 plan, up to \$1,000 per year.
- **Consider working with a financial professional.** Research advisers that are capable of meeting your needs and are qualified to provide financial guidance. Determine if your advisor is licensed or registered by searching the **[online databases](#)** at the Indiana Secretary of State's office. You can also call the office at 1-800-223-8791.

## **There are many ways to pay for higher education.**

Along with saving and investing, consider these options:

**Applying for grants and scholarships.** Many higher education institutions provide a myriad of scholarships. Also, there are many grants and scholarships available via the Internet if you take the time to research.

**Apply for financial aid.** Use the Free Application for Federal Student Aid (**[FAFSA](#)**) to apply for federal student aid programs. Many time these are dependent on you financial situation.

**Apply for student loans.** While student loans are a way to pay for education, the debt will be there after your graduate. Pay attention to how much debt your loans will put you in upon graduation.

# **FRAUD STOPPERS:**

## Real life stories of investment fraud

**Evansville man allegedly scammed tri-state residents with promise of investing in an energy drink**



An investigation by Indiana Secretary of State Connie Lawson's Prosecution Assistance Unit led to the arrest of Eric Nicholas Morgan of Evansville, Indiana for allegedly selling investments in his company, Liquid Ninja Energy, which produces the energy drink Liquid Ninja. Morgan was arrested in Evansville over the weekend on 15 counts of securities fraud and appeared in Vanderburgh County Court yesterday.

"This is the first energy drink scam that has come through my office, but, it has a lot of similarities to many other Ponzi schemes," said Secretary Lawson. "Con artists are constantly changing their scams to prey on unsuspecting victims. I encourage anyone who is considering investing to always check with my office before making an investment. That's the best way to protect yourself from investment fraud.

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"I would also like to thank Vanderburgh County Prosecutor Nicholas Hermann for his work. This arrest would not be possible without him."




The investigation began when the Secretary of State's office received a complaint about Morgan. Morgan is the President and CEO of Liquid Ninja and allegedly took more than \$600,000 from four victims in the tri-state areas as an investment in his energy drink company, but instead used it for his own personal gain. Neither Morgan nor the product he offered were licensed in the State of Indiana. All Securities professionals and investment products must be licensed.

"Investors should always check with the Secretary of State's office to make sure they are investing in a registered investment," said Indiana Securities Commissioner Alex Glass. "A simple background check to ensure the investment professional and the product are registered could save your precious investment dollars."

The charges are merely an accusation and the defendant is presumed innocent until proven guilty.

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## Don't be a victim of investment fraud.

-  Ask Questions
-  Get it in writing
-  Make sure adviser and product are registered

For more ways to protect yourself, please visit the Indiana Secretary of State's website at [in.gov/sos](https://www.in.gov/sos).

# What services make up the Secretary of State's office?



There are four main divisions that comprise the Secretary of State's office (Click on the name of the services to learn more): [Business Services Division](#), [Election Division](#), [Securities Division](#) and [Auto Dealer Services Division](#).

The Office of Secretary of State is one of five constitutional officers originally designated in Indiana's State Constitution of 1816. Sixty-one Hoosiers have served as the third highest-ranking official in state government.

Historically the duties of the office included the maintenance of state records and preservation of the state seal, but as state government expanded so did the responsibilities of the Secretary of State. Present duties include chartering of new business, regulation of the securities industry, oversight of state elections, commissioning of notaries public, registration of trademarks and licensing of vehicle dealerships throughout Indiana.

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**Looking for a specific person? Check out our "Meet the Staff" page to view our executive members.**



**EARLY START**—Secretary Lawson visited Danville South Elementary where she taught students about the Secretary of State's office and financial literacy.