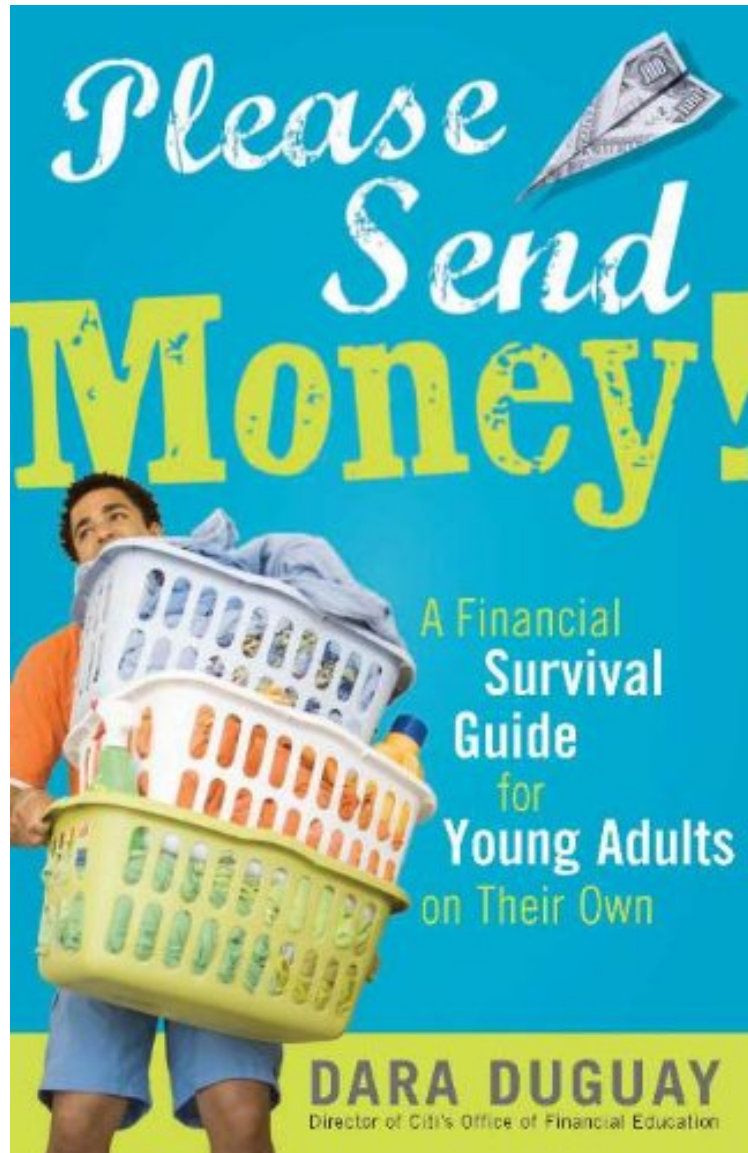


(Free read ebook) Please Send Money: A Financial Survival Guide for Young Adults on Their Own

# Please Send Money: A Financial Survival Guide for Young Adults on Their Own

*Dara Duguay*

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**Dara Duguay : Please Send Money: A Financial Survival Guide for Young Adults on Their Own** before purchasing it in order to gage whether or not it would be worth my time, and all praised Please Send Money: A Financial Survival Guide for Young Adults on Their Own:

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couples than young singles. Definitely a must read for the newly employed young person and it could also be helpful for more mature people needing some help figuring out their finances. 0 of 0 people found the following review helpful. Commonsense Financial Information By Gingery My husband's youngest sister is just at the age where she's adventuring out on her own, this book provided a good financial framework for her to make sense of the world without looking to mom and dad for help. 0 of 1 people found the following review helpful. Julie By Julie G. Heard a great write up on the blog from Simple Dollar. Gave it to my daughter who will be going away to college next year. Haven't been able to read it yet with her.

The average student loan debt has reached almost \$20,000. Credit card debt continues to rise at staggering levels. Please Send Money provides young adults with the tools they need to navigate the tumultuous world of personal finance with smart advice from leading expert Dara Duguay, Director of Citigroup's Office of Financial Education. Dozens of eye-opening, real-life stories chronicle the financial mistakes commonly made by young people and present an array of solutions. Duguay covers topics including:--Avoiding the traps of easy credit--How to manage car payments--The dangers of using student loans for personal needs and wants--Dealing with bankruptcy--Overcoming material temptations Please Send Money contains useful financial tools for determining budget, net worth, cost of credit, and safe debt levels. It's a book that no young adult should be without.

About the Author Dara Duguay, the Director of Citigroup's Office of Financial Education, has been involved with the issue of financial literacy for over a dozen years. She is the former Executive Director of the non-profit Jump\$tart Coalition for Personal Financial Literacy in Washington, DC. Excerpt. copy; Reprinted by permission. All rights reserved. The Three R's of College: Reading, 'Riting and Revolving Debt The college years are probably the first time in your life where your parents will not constantly monitor you. The hour you go to sleep or wake up, your activities, what you eat, whom you hang out with, and how you spend your money become your decisions, not theirs. This newfound independence can be quite liberating, as your parents' rules and guidance are no longer controlling your life to the extent they used to. However, this may cause you to make decisions that you are not truly knowledgeable about, just because you can. Decisions involving credit cards will be yours as long as you are at least eighteen years old. Prior to this age, any credit cards you may have had were in your parents' name. Even though you were able to use the card, it still was your parents' account. Once you reach a legal age though, the card becomes yours and so does the liability. You are free to have as many credit cards as you can obtain with a credit limit as high as you can qualify for. But being responsible for making spending decisions on your own also means being responsible for repaying the debt you've accumulated. You'll find that your freedom in choosing how to spend your available credit does not apply to your freedom in choosing how and when to repay it. There are payment deadlines and set amounts that you are required to repay. With as many as one third of college graduates having problems with credit card debt, your credit obligations should be carefully considered prior to getting that first card. Jane came from a small Midwestern town to attend Ohio State University, a school whose student body totals over 50,000 undergraduates. Jane knew almost everyone in her hometown and now she found herself living in a dorm with more people than her entire town's population. This "new world" was overwhelming and liberating at the same time. Jane was finally free from her strict parental rule. Now all she needed was money. Her parents were very conservative, especially in regards to financial matters. They always paid cash for everything and put themselves and Jane on a strict budget. In addition to monitoring Jane's allowance, they had always paid close attention to her friends and activities. Now that she was away from their watchful eye, she planned on asserting her newfound independence. As a freshman, she signed up for her first credit card when an application caught her eye. It said, "Finally, a credit card that gives you something you really want, fun." Jane filled out the application immediately. Armed with her first credit card, Jane made sure that she did not deny herself anything. Her credit cards were always there for her when she needed economic help. They did not ask questions about why she needed the money or moralize about her spending patterns like her parents would have. After all, she was just following what the advertisements were telling her to do, "Just do it," "Don't deny yourself," and "Indulge." Some of Jane's friends turned down social invitations because it wasn't in their budget, but Jane never missed an opportunity. She went to movies, football games, concerts, stores, and restaurants. One night, less than one month after getting her first credit card, Jane tried to pay at a restaurant with her credit card and found that the approval wouldn't go through. She had not yet received her first bill, since she had had the card for less than a month, and she couldn't imagine that she had already reached the limit. Several days later the credit card statement arrived in the mail and confirmed that she had indeed reached her initial \$500 limit. Jane started to panic but then noticed that all she was required to pay was a \$20 minimum payment. This she could handle. In fact, if she could handle one credit card, why not another? Jane applied for two more credit cards and promptly charged them up to their limits. As she continued to make the minimum payment each month, Jane couldn't believe what a small price she had to pay for so much fun (just like the advertisement promised)! Jane had every intention of continuing her pattern of getting a new credit card every time she had exhausted the credit available on her last card. In fact, the credit card companies were helping her by frequently increasing her available credit limit. Unfortunately, this pattern stopped working after her

sixth credit card. For a reason that she couldn't understand, her applications were now getting turned down. The reason given was that she was "overextended." Jane did not have any idea what that meant. All that Jane understood was that her source of money had suddenly dried up. She had started using cash advances on her sixth credit card as a means to make payments on her other five accounts. She was playing the "credit card shuffle," using one credit card to pay the other. Now how was she supposed to pay her credit card bills? To make matters worse, her parents' combined income precluded her ability to qualify for a subsidized Stafford loan (Guaranteed Student Loan) and she would have had to get her parents' approval for any other loan program. Telling her parents was not an option. She was sure they would take away her credit cards and put her on a strict budget if they found out, and she couldn't let that happen. Jane decided to start working part-time at a retail store at the mall in order to have money to pay her credit card bills. Unfortunately, this decision added a seventh credit card to Jane's wallet. She justified the additional card because she could only get store discounts if she made her purchases with the store credit card. She convinced herself that she was saving money by using this credit card. As her debt accumulated, so did the number of hours Jane was forced to work. Between working and studying, Jane started burning the candle at both ends. In fact, the more she worked part-time, the more she felt she deserved to eat out, enjoy a concert, and hit the clubs with friends. What Jane didn't realize at the time was that she had opened a Pandora's Box of rising expectations that could only be satisfied with greater levels of debt and more hours of employment. It became a vicious cycle. Soon her grades started to suffer because she had less and less time to spend studying. Before she knew it, she was working almost full-time and failing most of her classes. She decided to drop out for the semester and catch up financially. Unfortunately, by only making the minimum payment each month, her debt never seemed to go down. In addition, she had a tremendous amount of guilt because she had been lying to her parents who still thought she was in school. Jane is living a lie, which will eventually be found out by her parents. The truth will come out and the longer she waits, the longer her college education is being delayed. Right now she is just trading water by making only the minimum payment each month on her \$6,000 in total debt. The following example puts into perspective the time it will take Jane to pay off her debt. If a college freshman with a much lesser balance of \$1,000 quits charging on the card and only pays the minimum due each month, he or she could earn a bachelor's degree, complete a master's program, and still have three years left to finish paying off that freshman plastic binge. Once Jane accepts the fact that her current course of action cannot make a dent in her debt, she will hopefully be more willing to talk to her parents, discuss her situation with a credit counselor, or explore a solution with her school's financial aid office. Until she does so, Jane will continue burning the candle at both ends until it finally burns out. Some danger signs of being overextended are: Are you arguing over your bills? Are you living from paycheck to paycheck? Can you only make the minimum payments on your charge accounts? Do you put off medical or dental visits because you don't have the money? Would you be in immediate financial difficulty if you lost your job? Are you afraid to add up your debt? Are you juggling one credit payment to make another? Are you receiving past due notices or calls from creditors? Are you unable to save? Are you running out of money before the next payday? Are you using credit cards for normal living expenses? Are you borrowing from family and friends? Jane should have figured out before she started to experience any of these danger signs how much debt she could handle by completing the debt percentage worksheet introduced in Chapter 3. As a refresher, the following guidelines correspond to the percentage of your total monthly debt payments compared to one's net income.