

Susan Keating Remarks for Kappa Alpha Psi Panel
Raising Awareness of Financial Literacy and Consumer Debt Education
April 14, 2008

First, I'd like to say I am delighted to be here today to talk about financial literacy. Financial literacy is the top priority for the National Foundation for Credit Counseling and, I believe, it should be a top priority for our country as well.

I am very encouraged that Kappa Alpha Psi has taken a leadership role in highlighting financial literacy on college campuses across the country. College is where millions of young people get their first credit card and their first significant experience in dealing with credit. Unfortunately, getting a credit card does not come with a learners permit or a warning label; it does not require any experience in handling money; nor are you required to get any training.

Upper level college courses often require prerequisites to make sure you have the proper foundation for the greater challenge of advanced coursework. But for the subject of credit, most college students are pretty much left to sink or swim on their own – often with very bad results and very painful lessons about how NOT to manage money.

When it comes to financial literacy on campus, there is a big void to fill. Kappa Alpha Psi should take pride in stepping into the void with the GLAD program. In my college days, “Greek” was a term that was often synonymous with “party.” I think it would be terrific if your fraternity can help make “Greek” also stand for financial smarts and responsibility.

Over the next few days, you will have a chance to preach this message on Capitol Hill, and I think you've picked an ideal time to do so.

I don't know if you realize it, but this month has been officially designated by Congress as "Financial Literacy Month." And, as we all know, Congress is now wrestling with economic problems that were caused in part by financial irresponsibility. At every level of our economy, individuals and institutions alike made some bad decisions about using credit in recent years. We've had a credit party and now we are suffering the hangover. This is the right time to talk about financial literacy in Washington.

When I was invited here, I was asked to talk about some ways that your fraternity can take this financial literacy message into the community.

I don't have any "BIG ideas." That's partly because I believe small, steady action can add up to something big. It's also because I thought it might be more useful to talk about things that every one of you can do on your own.

Each and every one of you can become a financial educator by learning how to TALK about managing money with your friends and your family. You can help them to understand the importance of following a budget and how to use credit. You might also warn them about some of the potential pitfalls of using credit.

If you want to be a little more ambitious, your fraternity chapter may want to host financial education sessions either in the community or on campus. You might want to set up an information table about money management in your student union – perhaps right next to the table or booth with credit card applications. Or, you might require your next pledge class to learn about money management and organize a financial literacy day for a local youth group. CARE can help you find financial

professionals to participate in these types of sessions. Your local NFCC credit counseling agency also would be more than willing to help out.

Talking about money management may sound pretty basic, but it's easier said than done. Polls show that large numbers of Americans would rather talk about their weight or their age than their credit card debt. One theory for their reluctance is that "admitting to money troubles can feel like admitting to a character weakness."

If you can help people get over that hurdle and learn to be smart about money, you will be making a major contribution to the cause of financial literacy. That's a genuine form of service that can have a direct and lasting impact if you can help just a few people stay out of financial trouble.

My other challenge to you is to practice what you preach. I urge you to become good financial stewards for your national fraternity; for your individual chapter; and for your own finances. You can't *just* talk. If you expect people to listen to what you say, you've also got to walk the walk.

With that in mind, let me share a few simple rules that NFCC credit counselors keep front and center in talking to consumers.

The first rule is don't spend money you don't have. People break this rule all the time. It requires discipline – to keep track of spending; to limit impulse buying; and to remember that just because you aren't taking cash out of your wallet, you *are* spending money.

Rule number two is to pay credit card balances in full each month. If you can't do that, you should be sure to pay as much as you can and to stop running up new charges until you've paid off that debt.

Carrying balances from month-to-month means you are going to pay a lot of interest, so you want to get your balance down to zero as quickly as humanly possible.

Rule number three – don't fool yourself by paying only the minimum due on a credit card bill. You might as well throw the money out the window. A credit card balance of \$5,000 typically involves a minimum monthly payment of about \$200. But it would take 15 years to eliminate the debt – and only if you do not make a single new charge during that time. What's more, you will end up paying many thousands of dollars in interest. That's not a good deal.

Finally, if you *do* get yourself in financial trouble, get help right away. You might start by talking to your parents, but if they won't or can't help, you should turn to a certified non-profit credit counselor like the members of NFCC. These counselors have years of experience in helping people re-organize their finances to get out of debt. Counselors also can talk to the credit card issuer about a repayment plan to get you back on your feet.

College is supposed to be one of the best times of your life – a time when you grow intellectually and personally, experience new freedom and responsibility, make new friends and explore new interests. It also can be a time when you begin to play a leadership role in your community – by supporting charity or a religious organization, working as a volunteer, teaching children how to play ball, helping senior citizens with daily chores, or perhaps by supporting financial literacy efforts. Whatever path you choose, I hope you will make the most of it and that you will avoid credit mistakes that can cause financial troubles that linger for many years.

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