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**student guide** to  
money management

A simple, quick introduction to banking and money management.



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Now that you're beginning your college career, you may feel a little overwhelmed. Sovereign Bank wants to help take the stress out of one important aspect of your college experience—managing your money.

This guide is designed to give you an overview of money management. With everything from the basics on checking and savings accounts and online banking, to education finance, the pros and cons of credit cards and excellent information on protecting your assets and your identity—it's a valuable resource you'll want to read through now and keep for future reference.

If you have questions or need more information, a Sovereign representative will be more than happy to help you. Stop by any Sovereign Branch or call 1.877.SOV.BANK (1.877.768.2265). Or, for quick answers online, visit [sovereignbank.com/student](http://sovereignbank.com/student).

## student guide to money management at a glance

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## Banking Basics

*The ins and outs of managing your money.*

Think of this section as your “how to” guide to first-time money management. Here, you’ll find everything you need to know to start managing your own finances—along with handy tips that will make the process even easier.

### CHECKING

Easy access is the key. A checking account is an ideal place to keep money for your day-to-day expenses. This will typically be your primary bank account. You can deposit your money into the checking account, then write checks against the available balance in the account to pay bills, withdraw money when you need cash or make purchases with your Sovereign Debit MasterCard®. You may also transfer money from the checking account to another type of account, such as a savings account, or your parent or guardian can transfer funds to you directly from his or her Sovereign account.

→ **TIP:** Sovereign offers an affordable, feature-packed account designed especially for students. It’s called Sovereign Free Student Checking. And it’s part of our Student Banking package. Check it out at [sovereignbank.com/student](http://sovereignbank.com/student).



### SAVINGS

Savings accounts are intended for just that—saving money. They provide a place to deposit money you want to save for a large purchase or set aside for a special purpose. Plus, interest accumulates on the balance, so you make money on your deposits. As with checking accounts, your savings accounts are easy to access when you need them. Many Sovereign customers open savings accounts at the same time they open a checking account. This way, they can deposit the amount of money they need for expenses into the checking account, and then deposit the remainder into their savings account. You may also transfer funds from one account to the other. Use your savings account to put aside money for small purchases like a new mp3 player, or large purchases, like a new car.

### STUDENT SAVINGS

Sovereign’s Free Student Savings account—part of our Student Banking package—lets you start saving with just a minimal deposit. There’s no better time than the present to open an account and get on your way to saving for the things you want or need.

- **TIPS:**
- ▶ Open a Sovereign Free Student Savings account and establish an automatic transfer from your Sovereign Free Student Checking account to help you save a little bit every month.
  - ▶ It is important to read and understand the disclosures given for each type of account. If you have questions about anything in a disclosure, please contact Sovereign for clarification.

### ACCOUNT ACCESS

There are four basic reasons to access an account: to make a deposit, a withdrawal, or a transfer; or to check the activity on your account.

- ▶ Depositing = putting money into your account.
- ▶ Withdrawing = taking money out of your account.
- ▶ Transferring = moving money from one account to another.
- ▶ Checking the activity on your account can include activities such as viewing transactions you’ve made, checking your account balance information, and verifying whether a check has cleared or a deposit has been credited. There are several ways to access and manage your account.

## WRITING A CHECK

When you write a check, you give the bank permission to withdraw money from your account and pay it to whomever the check is written. For example, if you need to pay your cell phone bill, you can make out a check to the cell phone company for the amount you owe. When the cell phone company deposits your check into their account, the money is withdrawn from your account and paid to the cell phone company.

→ **TIP:** You should only write checks against the available balance in your account in order to avoid overdrawing your account. Check your balance at the ATM, by phone or online anytime, and don't forget about any outstanding purchases you have made or checks you have written.



## HOW TO WRITE A CHECK

1. Write in the date on the "Date" line in the upper right corner.
2. On the "Pay To The Order Of" line, write in the name of the person or company to whom you are writing the check. Draw a line to fill in the rest of the space so no one can add any other name.
3. In the box with the dollar sign next to it, fill in the check amount in numeric form.
4. On the line that reads "Dollars" at the end, spell out the dollar amount in words, followed by the word "and." Draw a line almost to the end of the line and write the cents amount as a fraction over 100. (For example: to write a check for \$4.50 you would write "Four and 50/100 in this line.)
5. The memo line allows you to write a note indicating what the check is for. You aren't required to fill this in. However, when paying bills by check, most companies ask you to include your account number. The memo line is a good place to write this information.
6. On the bottom right line, sign your name.
7. You can also write a check to withdraw cash for yourself. To do this, write the check for the amount of cash you need. On the "Pay To The Order Of" line, write "Cash" or your own name. Make sure you sign the back of the check right away. You can then cash the check at a bank teller window or drive-up window.



→ **TIP:** Never write your Social Security Number on a check.

→ **TIP:** Always sign a check made out to "cash" right away. An unsigned check with "cash" on the "Pay To The Order Of" line can be cashed by anyone.

## HOW TO CASH A CHECK

When someone gives you a check, you can either cash it at the bank and receive the money, or deposit the check into your account. To cash a check, simply sign your name on the back in the appropriate location. (Some checks include a line designating where to write your name, while others do not). If you are depositing the check, write "For deposit only" underneath your signature. This prevents anyone else from cashing your check if it is ever lost or stolen.

- **TIPS:**
- ▶ Make sure your deposits are "available" before writing a check or making a purchase with your Sovereign Debit MasterCard. (More information on this is described later in this piece.)
  - ▶ You are responsible for the checks you cash or deposit, and the charges for returned items, so you should only cash or deposit checks from a reliable and trusted source. If a check is returned, the bank will debit your account for the amount of the returned check.

## OVERDRAFTS

What is an overdraft? An overdraft occurs when an item (like a check you've written, a debit card purchase you made, or an ATM withdrawal) is presented for payment from your checking account and there aren't sufficient funds available to pay the item. This results in an overdraft, which typically causes "bounced checks" and fees to be applied to your account.

If you enroll in Sovereign Account Protector, we will be authorized to pay ATM transactions and one-time debit card purchases—even if they overdraw your account—and charge overdraft fees.\* There is no guarantee that all overdrafts will be paid. Before you make a decision about enrolling in Sovereign Account Protector, you should speak with your local bank representative to better understand the implications specific to your banking habits.

Generally, if you do not enroll in Sovereign Account Protector, we will not pay one-time debit card purchases and ATM transactions if they would overdraw your account. This may create inconvenient situations for you, but you will avoid an overdraft fee.

## WAYS TO AVOID FEES

- ▶ Monitor your account to determine what checks have been paid and which withdrawals and purchases have posted to your account. Online Banking, Telephone Banking and ATMs will provide you with your current balance and detailed transaction information. Remember, though, that there may be checks or other purchases you've made that haven't been posted to your account.
- ▶ Keep accurate records of your transactions. Always save your receipts when you use your ATM card or Sovereign Debit MasterCard until you can write down your expenses in your checking account register. Keep track of your balance by deducting all purchase, withdrawals, and fees. Balance your checking account register regularly. If you need help using a check register or balancing your account, stop by any of our branches.
- ▶ Make sure deposits are available—that the funds from direct deposits or checks are available—prior to writing checks or making purchases. In addition to the cost of the overdraft fees, if an account is repeatedly overdrawn, the account may be closed due to misuse. If this occurs, it may affect your credit and ability to open another account.
- ▶ Use Sovereign ATMs to avoid fees charged by other banks.
- ▶ Always review your statements when they arrive in the mail. You should use them to balance your checkbook and also to make sure there are no errors or unauthorized transactions.

## USING TELEPHONE BANKING

Most banks offer easy-to-use Automated Telephone Banking, which allows you to access your accounts from any touch-tone phone, anywhere. With Sovereign's Automated Telephone Banking system, you can check your balance, track account activity, transfer funds between accounts, stop payments, reorder checks, pay your bills and more—all by phone, 24 hours a day. To set up Automated Telephone Banking or to access your accounts, simply call 1.877.SOV.BANK (1.877.768.2265) and follow the simple prompts.

You may also contact a Customer Contact Center Advisor at 1.877.SOV.BANK (768.2265), 7 a.m. to 8 p.m. ET, seven days a week. For customers calling from outside the United States, the local numbers are:

- ▶ New England: 1.401.432.0749
- ▶ Mid Atlantic and Metro NY/NJ: 1.610.988.2595

\*We charge overdraft fees of \$35 for each transaction that overdraws your account and a fee of \$5 per day if any overdraft remains unpaid for more than 5 days. Any overdraft must be promptly repaid.



## ATM and Debit Cards

*Quick access to cash and an easy way to pay.*

Whether it's a Sovereign ATM Card that gives you fast access to the funds in your accounts, or a Sovereign Debit MasterCard that can be used as an ATM card or as a debit card—ATM and debit cards make life easier and more convenient—every day.

### USING AN ATM

ATMs can be found just about everywhere. Sovereign alone has over 2,000 ATMs throughout Connecticut, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania and Rhode Island. If you have a Sovereign Debit MasterCard or ATM Card, you can typically use it to quickly make withdrawals, transfer funds between accounts and check your balances at any bank ATM, 24 hours a day. You can also use it to make deposits at any full-service Sovereign ATM. Just insert your card, enter your Personal Identification Number (PIN), and follow the instructions on the ATM screen to complete your transactions.

- **TIPS:**
- ▶ With Sovereign Free Student Checking, Sovereign will never charge you a fee to use another bank's ATM in the U.S. However, other banks may charge you a fee to use their ATMs.
  - ▶ Never write down your PIN on your debit card or put it in your wallet, and never disclose your PIN to anyone, even a Sovereign Bank employee.
  - ▶ Don't use any part of your name, address, birth date or phone number as your PIN.
  - ▶ Be aware of your surroundings. If you notice unusual circumstances, cancel your transaction and leave.
  - ▶ Have your card ready when approaching the ATM. If there's a door to the ATM facility, close it firmly behind you before you make your transaction.
  - ▶ Take someone with you when using an ATM—especially at night.
  - ▶ Always block the view of the ATM keypad from onlookers.
  - ▶ Upon completing your transaction, put your money and debit card away and leave the ATM facility. Count your money later in a safe place.
  - ▶ Sign your name on the back of the card exactly as it appears on the front.
  - ▶ Report lost or stolen cards and any ATM security issues immediately.

### ATM CARD AND SOVEREIGN DEBIT MASTERCARD

Fast access to cash or quick purchases. An ATM Card lets you access your checking and savings accounts to withdraw or deposit cash, transfer funds and check account balances at any bank ATM. It can also be used to pay for purchases anywhere ATM Cards are accepted. You must enter your PIN to

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Santander

Please insert  
your card



SWEET!



authorize the transaction. The bank will then withdraw the appropriate funds from your checking account and pay them to the merchant. You can even get cash back when you make a purchase using your ATM Card and PIN, with no fee at participating merchants.

A Sovereign Debit MasterCard is a debit card and works like an ATM Card. However, it is accepted in more places than just an ATM Card. You can use it at millions of locations where MasterCard debit cards are accepted, including grocery stores, restaurants, gas stations—and it can even be used for purchases over the Internet and by phone. When you use your Sovereign Debit MasterCard at a restaurant or shop, you may be asked if you want to pay using “credit” or “debit.” In both cases, the money is deducted from your checking account. It’s simply a matter of how the merchant processes the transaction.

→ **TIP:** If you can’t find a Sovereign ATM, you can make a purchase using your debit card and PIN and ask for cash back at participating merchants.

With “debit” transactions, the merchant will ask you to enter your PIN. With “credit” transactions, your purchase requires no PIN entry, but you may need to sign your receipt.

Using your Sovereign Debit MasterCard or ATM Card is faster and easier than writing a check, plus you don’t have to show your ID and you won’t run out of checks at an inconvenient time. One of the main benefits of using a Sovereign Debit MasterCard or an ATM Card is that the money comes out of your account right away. This saves you from having to pay a large credit card bill at the end of each month.

†When you promptly notify us. Does not apply to transactions made by using your PIN. Please refer to your Personal Deposit Account Agreement for more details. ††Visit [sovereignbank.com/debit](http://sovereignbank.com/debit) for more details. ^Cash rewards are earned on purchases made at participating online retailers through the Sovereign Cash Rewards<sup>SM</sup> Program web site or in-store at participating national and local retailers when using your Sovereign Debit MasterCard. Look for terms of the participating retailers’ offers on the Sovereign Cash Rewards<sup>SM</sup> web site. Participating retailers are subject to change. You must register and shop through the Cash Rewards Program web site to earn Cash Rewards for online shopping.

**Sovereign Debit MasterCard<sup>®</sup> with Cash Rewards**—The most convenient way to access funds and make purchases, your Sovereign Debit MasterCard comes with zero liability in the event that someone makes unauthorized purchases with your card,<sup>†</sup> zero monthly fees and zero transaction fees for U.S. purchases. And, your card also comes with MasterCard’s Extended Warranty, Purchase Assurance and Satisfaction Guarantee.<sup>††</sup> Plus, you automatically earn up to 20% in Sovereign Cash Rewards<sup>SM</sup> every time you use your Debit MasterCard to make online or in-store purchases at hundreds of participating retailers.<sup>^</sup>

→ **TIP:** You should only make purchases if you have enough available funds in your checking account to cover the amount of the purchase.





## Sovereign Online Banking with BillPay

*A quick guide to the most convenient way to manage your money and pay your bills.*

Sovereign Online Banking with BillPay is designed to save you time and money. It's fast, easy, secure, 100% guaranteed and best of all, it's free!

**Convenience**—With Sovereign Online Banking and BillPay, all of your day-to-day banking can be done from any personal computer with Internet access. Simple navigation makes managing your account(s) and paying your bills easy—perfect for the student on the go!

**Easy access**—Sovereign Online Banking with BillPay allows you to bank online virtually anytime, 7 days a week, 365 days a year. You can bank anywhere you have a personal computer with an Internet connection and a secure browser.

**100% guaranteed**—With Sovereign Online Banking with BillPay, your money is protected against any online fraud or losses. Plus, when you pay your bills online, BillPay ensures that your bills are paid on time or will give you 100% reimbursement for any late fees.

## ONLINE BANKING FEATURES

Just go online—anytime—and you can:

- ▶ Access your account balances, activity, and history
- ▶ View the front and back images of recently cleared checks, withdrawal slips and deposit slips
- ▶ Transfer funds between accounts
- ▶ Set up recurring and future dated transfers
- ▶ Pay bills and get e-Bills (more on this later)
- ▶ Reorder checks
- ▶ Request stop payments



## BILLPAY FEATURES

With BillPay, you don't have to write checks, buy stamps or pay late charges. BillPay lets you pay your bills online—anytime—to anyone with a United States postal address. It's very easy to use—even the first time you use it—and it makes managing and paying your bills simple and convenient. Sovereign's Online Banking with BillPay lets you:

- ▶ Schedule multiple payments in just seconds
- ▶ Quickly pay one or multiple bills
- ▶ Receive bill reminders by email
- ▶ Setup recurring payments
- ▶ Make some bill payments on the same day
- ▶ Add new billers and update existing biller information fast




→ **TIP:** Remember that funds for bill payments are not immediately deducted from your account. Please be sure you have enough funds in your checking account on the day your payments are scheduled to be made.

## E-BILLS

Now, the very same bill you receive from your cable provider, phone company, or credit card company by mail can be delivered to you online. Same details, same due date, but in a much more convenient form. Signing up for e-Bills allows you:

- ▶ **More flexibility**—With just a few clicks, you can pay all your e-Bills at one secure site. Our e-Bill service is fully integrated with our BillPay service, but we don't pay the bill until you tell us to. You always decide when and what you pay.
- ▶ **More control**—e-Bill notices and reminders can be sent to your e-mail address. No more worries about bills—or payments—lost in the mail or delivered late. Plus, you can still choose what amounts to pay or setup automatic payments.
- ▶ **More organization**—You can file all your e-Bills online and view your billing history quickly and easily. Who needs more paper clutter today?
- ▶ **More peace of mind, less hassle**—Save time, save money on postage, even save paper and help the environment with Sovereign's safe and secure Online Banking with BillPay service.

## GETTING STARTED

→ **TIP:** An e-Bill icon  will be displayed next to the name of a biller within the BillPay payment center of Online Banking to indicate that you can sign up to receive e-Bills from that biller.

If you haven't already signed up at your Sovereign Branch, you can contact us at 1.877.SOV.BANK, or you can enroll in Online Banking with BillPay by visiting us at [sovereignbank.com](http://sovereignbank.com). Online access to your account(s) is just a few clicks away!





## Financing Your Education

*Everything you need to know to get the financing you need.*

### GETTING STARTED

There are many different types of financial aid available including grants, scholarships, work-study and loans. The key to unlocking your access to this money is the Free Application for Federal Student Aid (FAFSA). By filling out the FAFSA, you are automatically applying for grants. The FAFSA will ask whether you also want to apply for loans and work-study. Answer yes. It's perfectly acceptable to turn down loans or work-study later without affecting other aid.

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### APPLYING FOR FINANCIAL AID

The first step is to complete the FAFSA form. You can get this form from your high school guidance office, college Financial Aid office or you can complete it online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov). The FAFSA cannot be filed prior to January 1st, but should be filed as soon as possible, and no later than May 1st. You will need to refer to your most recent Federal Income Tax Return when completing the FAFSA.

Financial aid is awarded on a first-come, first-served basis, so you have to be sure to apply early. That doesn't always mean that you're out of luck if you decide to enroll later in the year. Many schools save a portion of their funds for students who decide to enroll later in a semester, or who transfer from another school. Check with your aid administrator to find out.

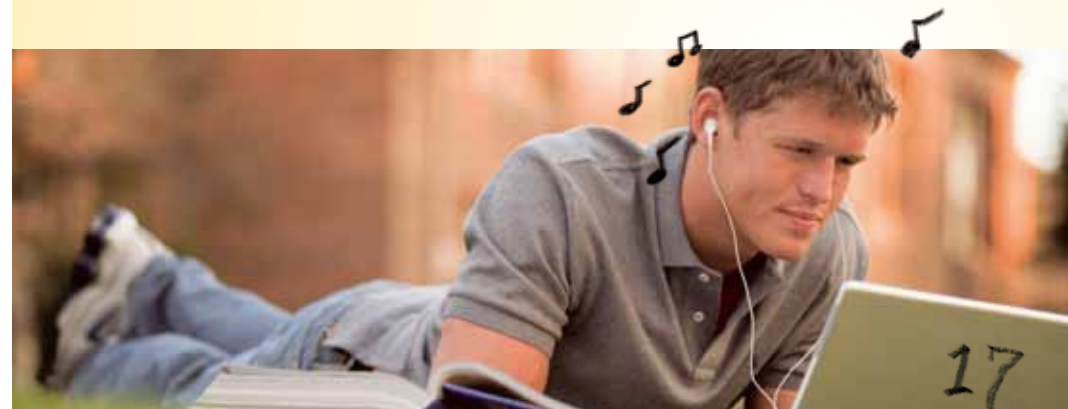
→ **TIP:** State and school deadlines are usually earlier than federal deadlines. Keep this in mind when applying. For more information, visit [www.fafsa.ed.gov](http://www.fafsa.ed.gov).

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### GRANTS

A grant is a gift. It does not require repayment. The two main types of federally funded grants are Pell Grants and Supplemental Educational Opportunity Grants (SEOGs).

- ▶ Pell Grants are available to students, mostly undergraduates, who demonstrate financial need. Financial need is based on a formula that subtracts the expected family contribution (EFC) from the cost of attending college.
- ▶ SEOGs are campus-based aid. As such, the college or university is responsible for disbursing the award and has final say over the amount of funds actually awarded.



## SCHOLARSHIPS

A scholarship is an academic award to a student for outstanding academic, athletic or artistic talent. Like a grant, a scholarship does not have to be repaid. Scholarships can be used to meet your unmet need without reducing your aid package. Additionally, a scholarship may reduce the amount of money needed to borrow to go to school. Some helpful sites to research scholarships:

- ▶ [studentaid.ed.gov](http://studentaid.ed.gov)
- ▶ [scholarships.com](http://scholarships.com)
- ▶ [mappingyourfuture.org](http://mappingyourfuture.org)



A major scholarship program available to all high school students is the National Merit Scholarship (NMS) program. If a student scores high enough on the PSAT/NMSQT test (usually administered in the student's junior year), they may qualify for an NMS scholarship.

→ **TIP:** Start your search early, even in your junior year of high school. This will give you time to prepare for some of the requirements if you don't meet them right away.

## WORK-STUDY

Work-Study is a federal financial aid program for college students. Work-Study awards a part-time job to eligible students to work on or off campus in exchange for an hourly wage. Work-Study is a form of campus-based aid. As such, the college or university receives funds from the federal government and is in charge of matching the recipient to a job and in controlling the purse strings.

→ **TIP:** Because Work-Study is a form of federal financial aid, you have to reapply for a Work-Study position each year. You can reapply each time, using an abbreviated FAFSA form.

## FEDERAL LOANS

Many students rely on federal loans to finance their education. These loans are backed by the federal government and have low interest rates, and do not require credit checks or collateral. They also provide a variety of payment deferment options while you are attending school and extended repayment terms.

Unlike a grant or scholarship, you have to repay a federal student loan. Federal loans can be issued to either you or your parents. When you begin to repay a student loan, you owe accrued interest together with any capitalized interest. As a result, some of your early payments are applied entirely to interest with no reduction in loan principal.

→ **TIP:** Check with your lender on how your payments are applied to principal and interest. Monthly payments are often calculated for a specific repayment period.

## ALTERNATIVE LOANS

In addition to federal loans, alternative loans are also available to students. Alternative loans are private educational loans with flexible terms and rates. These loans may cover college-related expenses not covered by other financial aid programs. Approval for a private loan is based on the student's good credit standing. A cosigner may be required if the student does not have credit or has a low credit score. The cosigner must have good credit and must be able to repay the loan.



### OTHER SOURCES

Contact other sources of financial aid. Other student financial aid comes from states, schools, and private sources. To find out about other sources of financial aid, you should:

- ▶ Contact your high school counselor
- ▶ Contact the financial aid office of the school you want to attend
- ▶ Contact private organizations, such as past and present employers, unions, civic organizations, foundations, religious groups, and professional groups
- ▶ Go to the library or the Internet and find lists of private scholarships

### ADDITIONAL RESOURCES

Usually student financial aid goes first toward school expenses, such as tuition and fees. Any aid remaining will pay for living expenses, such as room and board. Because the student financial aid you receive might not cover all the costs associated with attending school, you may also want to consider some of the following options. In fact, it's a good idea to start researching these options as early as spring of your junior year—remember, there are usually deadlines involved.

### SERVICE OPTIONS

- ▶ The Perkins and Stafford Loan programs will cancel all or part of the loan for service as a teacher in a low-income or teacher shortage area. Check the terms of the promissory note to find out what kind of teaching qualifies for cancellation.
- ▶ Military academies are free. Another option is ROTC (Reserve Officer Training Corps), which helps pay for college or career school. For both options, you must serve in the military after graduating.
- ▶ If you join the military before going to college or career school, the military might help pay for college or career school when you get out. For instance, the GI Bill awards student aid for as little as two years of active duty or for longer periods of reserve duty.
- ▶ The Army's Loan Repayment Program offers repayment assistance for enlistment in the active Army or in the Reserves after college.

### NONFEDERAL JOBS OR LOANS

In addition to federal work-study jobs, there are:

- ▶ Off-campus jobs
- ▶ Campus jobs that are not federal work-study jobs
- ▶ Co-op study, or "earn while you learn"

→ **TIP:** To save money, some students go to a two-year college and then transfer to a four-year college.

### PAYING BACK YOUR LOAN

Even if you don't graduate or find a job, student loans still have to be paid back—with interest. Before you sign for a loan, be sure you understand the terms of the loan contract and how much you'll eventually repay. The total repayment amount will be much higher than the original loan amount due to the interest.

Throughout the life of your loan, it's important to know what company holds your account—and to contact them if you have any questions about anything.

→ **TIP:** Don't get behind on your payments, because you could eventually end up with a bad credit record, preventing you from buying a car or a house or getting a credit card.

### WANT TO LEARN MORE?

Financial aid information for federal loans may be obtained by visiting the U.S. Department of Education's web site at [www.federalstudentaid.ed.gov](http://www.federalstudentaid.ed.gov).

Students and parents can also visit [sovereignbank.com/student](http://sovereignbank.com/student) for in-depth articles on seeking out scholarships, education planning for parents, and helpful financing calculators.

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## Credit Cards

*What you need to know about using credit wisely.*

### WHAT IS A CREDIT CARD?

A credit card can be used to make purchases or obtain cash advances today and pay back the money later. The card comes with a credit limit extended by the financial institution or retailer that issued the card. Credit cards provide a revolving line of credit that gives you the option to carry over portions of your balance from month to month. As you pay down your balance, that credit becomes available to you again. If your credit card has a grace period on purchases and your balance consists only of purchases, you can avoid paying interest charges by paying your balance in full by the due date. Cash transactions will start to accrue interest charges from the date of the transaction. If you choose to make your payments over time, you are charged interest. The longer you take to pay off your balance, the more you will pay in interest.

There are many advantages to having and using a credit card but there are also potential disadvantages that you should know up front. Being informed will help you use your credit card wisely, help to build a good credit history, and avoid mistakes that could cost you money.



### WHY HAVE A CREDIT CARD?

- ▶ Convenience to purchase items/services without needing to have cash on hand or the funds in your checking or savings account
- ▶ You may not need additional forms of ID when using the card. This makes it faster and more convenient than writing a check.
- ▶ Often can be used as a secondary form of ID
- ▶ Accepted by most stores and businesses as payment for goods or services
- ▶ Using a credit card to purchase certain merchandise may extend an item's warranty or provide purchase protection
- ▶ You receive a monthly statement from the card's issuer which details all transactions that took place during the last billing period
- ▶ Use the card to pay for unexpected or emergency expenses

- **TIPS:**
- ▶ Use your card only for purchases and pay your entire card balance each month by the due date to avoid interest charges. This is a great way to help establish a good credit history. If you can't pay the full balance, at least pay the minimum payment, plus as much of the remaining balance as possible.
  - ▶ Know your budget and your card balance. It's important to be aware of your monthly income versus the purchases you make. You don't want to be surprised when the credit card bill shows up and you don't have the funds to pay the bill! Part of using credit wisely is knowing what you can reasonably afford ahead of time.
  - ▶ If you're carrying a balance, make a payment plan and stick to it to bring your balance down.

## WHY HAVE A CREDIT CARD?

(continued)

- TIPS:
- ▶ Make your payments on time. If you are more than 60 days late on a payment, the card issuer may increase the interest rate on your account. Depending on the seriousness of the delinquency, the issuer can report any late payment to the credit bureaus. Late payments can impact your credit score and potential ability to obtain credit in the future.
  - ▶ Read all disclosures before applying for a card as well as the credit card agreement that comes with the actual card itself. Also be aware that the card issuer can change certain terms of your card agreement. However, the issuer will notify you in writing of these changes. Make sure you read and understand these changes prior to continuing to use the card.

### To do list:

- Return library books
- Buy Books
- Order take-out



# Credit Card Act of 2009

## WHAT IS IT?

There has been some concern about several credit card practices that may have been confusing. Amendments were made to the Truth in Lending Act to be sure consumers are aware of changes to their credit card terms, providing them with the ability to better manage their accounts.

## WHAT ARE THE BENEFITS FOR YOU?

The Credit Card Act of 2009 simplifies the communications, billing and payment practices of credit card issuers and provides more consistency in the industry. Changes include:

- ▶ Restrictions on rate increases. Except when introductory rates expire, there can't be any rate changes for the first 12 months an account is open. After the first 12 months, credit card companies must give you 45 days notice before making any rate increases. In addition, Annual Percentage Rates (APRs) can be increased on existing credit card balances only if your minimum payment is 60 or more days late.
- ▶ New rules for payment allocation. If you have credit card balances with different interest rates, any amount paid over the minimum payment will be applied first to balances with the highest interest rates, then to balances with the next highest rate, and so on. This way, you can pay down your balance quicker by paying more than the minimum payment.
- ▶ Overlimit fee opt-in. You must be given the choice of "opting in" to overlimit fees. If you do not opt in, companies will not be able to charge overlimit fees. This could save money, but transactions that exceed your credit limit may be denied.

- ▶ More consistent payment due dates. Payments will be due the same day every month, and you will have at least 21 days from the time your statement is mailed until the minimum payment is due. If the due dates fall on weekends or holidays, payments must be credited to the account the next business day without late penalties.
- ▶ Your statement. More information will be available on your statement, including how long it would take to pay off your balance with the minimum payment—including interest—and the total cost to you. Also included will be the minimum payments necessary to pay off your balance in 36 months.
- ▶ Easier access to your credit card agreement. Credit card issuers will post samples of credit card agreements online, as well as send copies to the Federal Reserve Board.
- ▶ Provisions specific to students and young adults. In addition, the new law also states that anyone under age 21 must have adult co-signers or prove that they have the means to repay the debt. Credit card companies are now prohibited from offering free items in association with credit card applications if the offer is made on or near (within 1,000 feet of) a school campus or at an event sponsored by a school. Also, pre-screened offers must not be sent to consumers who are younger than age 21.





## *Credit Reports and Credit Scores*

*Know where you stand regarding your credit.*

A credit report is a measurement of how you have managed your credit, such as credit cards, loans, and other lines of credit. Your credit history is tracked by three national credit-reporting agencies (Equifax, Experian, and TransUnion), which rely on information from banks, credit unions, government agencies, utility companies and finance companies. Your credit report is a file of the information from all sources you have done business with over the years. Your file will show open accounts with balances, payment history—including late or missed payments—if any accounts have been turned over to a collection agency, and if any judgments or tax liens have been filed against you.

Your credit score is a calculation based on how you have managed your finances in the past. Your score can range from 350 to 850—the higher your score, the better likelihood of you qualifying for credit because you pose less risk for potential lenders. There are five components that make up your credit score: length of credit, payment history, outstanding debt, types of credit and new credit.

Credit history. Building a good credit history is important not only for opening new credit accounts, but your credit history is used in many ways you may not know of, such as qualifying for lower insurance rates, securing an apartment or even being eligible for a new job. Paying your bills on time helps establish good credit. If you make late payments, miss payments altogether, or go over your credit limit; your credit score will suffer, possibly resulting in a derogatory credit history. This could prevent you from establishing new credit, increasing existing credit limits, increasing your interest rates or being eligible for a new job.

Improving your credit report. Make all future payments on time to get back on track. If necessary, work with your creditors to work out a payment plan or begin working with a legitimate credit counselor. Rework your budget to determine your expenses and income to better manage your payment schedule.


If you feel the information contained in your credit report is inaccurate, you have the right to dispute errors. Visit the Consumer Protection pages at [ftc.gov](http://ftc.gov) for more information on your rights and the dispute process.



## Budgeting

*Set your budget.*

- Record your total monthly income from paychecks to allowances.
- Record your monthly expenses, including spending money, and categorize by "needs" and "wants". "Needs" are things like rent, utilities, groceries, versus "wants", like eating at a restaurant, movies, concerts, etc.
- If you are spending more than your total monthly income, you may need to change your spending habits by eating out less, or renting movies instead of going to the theater.



INCOME		
	AMOUNT BUDGETED	ACTUAL AMOUNT
Income		
Grants		
Scholarships		
Employment income (less taxes)		
Student loans		
Other income		
<b>TOTAL</b>		

EXPENSES		
	AMOUNT BUDGETED	ACTUAL AMOUNT
Tuition and fees		
Books and supplies		
Housing		
Rent/Mortgage		
Utilities		
Phone		
Meals		
Clothes		
Laundry		
Car		
Gas		
Auto maintenance		
Insurance (Car/Home/Life)		
Credit card payments		
Entertainment		
Other expenses		
<b>TOTAL</b>		
<b>NET INCOME (INCOME LESS EXPENSES)</b>		



## Privacy and ID Theft

### *Steps to protecting your money and your identity.*

Identity theft occurs when someone obtains your personal information and uses it for their own personal gain. It is one of the fastest growing types of crime and with your information a thief can open bank accounts, make purchases with your credit cards, obtain cash from your accounts, even open new credit card accounts in your name. Thieves could also use your Social Security Number to get a driver's license or ID card issued in your name, to get government benefits or use your identity if arrested instead of their true identity. This could create a criminal record for you.

Also watch out for:

- ▶ **Missing bills or statements**—Someone may have intercepted them to get account information.
- ▶ **Unsolicited credit cards**—If you receive a credit card you did not apply for, contact the issuing bank/company immediately.
- ▶ **Collection calls**—If you get calls from creditors or debt collectors regarding accounts or debts that do not belong to you.

There are steps you can take to protect your privacy and make fraud and identity theft prevention part of your everyday life. Here are some ways to protect yourself against becoming a victim.

You should shred anything you discard that contains personal or account information. Identity thieves often get valuable information from trash.

Protect your laptop, cell phone and other technology against theft or access as they often contain important information. Also, be careful when using a "community" computer located in a computer lab or library. Make sure you don't leave the computer "logged in" to any accounts.



Be cautious of what you share on your social network.

- ▶ Consider restricting access to your page to a select group of people. Don't post your full name, Social Security Number, address, phone number, account numbers or other personal, private information. Be careful about posting information that could identify you to strangers offline, such as the name of your dormitory, school or where you'll be.
- ▶ Beware of phishing—Never give your personal information online or click on a link contained in an email that looks suspicious. Don't respond to requests for money or credit card payments, even if the email appears to be coming from a friend.

Always ensure you're using a secure website when submitting credit card or other sensitive information online.

Protect your personal and account information at all times. Never give your bank account information, credit card information or Social Security Number to anyone calling for telephone solicitations, sending text messages (SMS), or e-mailing you requesting that information. Sovereign Bank will never contact you for this information, although we may ask for it if you contact us, in order to verify your identity.

Review your bank statements promptly. Reporting discrepancies or suspect transactions right away is the best means to stopping fraudulent activity quickly. If you notice any unauthorized checks, ATM withdrawals or debit card transactions on your statement, notify Sovereign immediately.

Keep your checkbook, bank cards and bank documents in a safe place. Store your extra checks and deposit slips in a secure locked location and properly destroy canceled checks. Never leave your checkbook in your vehicle. Protect your ATM Card, Debit Card, and credit card receipts. Although merchants are not supposed to print your account number on your receipt, some receipts may nevertheless list the full account number. Report lost or stolen checks, ATM Cards, or Debit Cards as soon as you discover they are missing. It's a good idea to keep a list of your account and card numbers as well as the telephone numbers of the issuing banks in a secure locked location so you can quickly contact your bank.

Check your credit report regularly. You can request one free credit report every year from each of the national consumer credit reporting companies. Simply visit [annualcreditreport.com](http://annualcreditreport.com) or call one of the numbers listed below. When you receive your report(s), look for unauthorized or fraudulent accounts opened in your name or anything that looks suspicious.

WEB

Check this out!

Equifax 1.800.685.1111	TransUnion 1.800.888.4213	Experian 1.888.397.3742
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### REPORTING IDENTITY THEFT

If you believe you are a victim of identity theft or suspect any fraudulent activity, please notify the Sovereign Identity Theft Assistance Center (SITAC) immediately. Simply call 1.877.906.7500 and speak with a Sovereign representative so we can help you right away. For more information, visit [sovereignbank.com/idtheft](http://sovereignbank.com/idtheft).

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### Renters insurance\*

Protecting your personal property where you are. Your renters insurance doesn't stop when you leave your home. Your personal property is covered.

- ▶ **In Your Car**—Even though you hid your iPod™ and locked up your snowboard, both are stolen. Don't worry, your covered.
- ▶ **On Vacation**—Sprinklers go off in your hotel room, ruining your camera and laptop. Those are covered too.
- ▶ **Down the Street**—You ride over to a friend's apartment and lock your bike only to find it missing an hour later. Renters insurance covers that theft.
- ▶ **On the Go**—Move to a new place and your policy will protect your personal belongings 30 days from the day you start moving.
- ▶ **In Your Place**—If a kitchen fire in your neighbor's apartment causes smoke damage throughout the entire building your items will be cleaned or replaced.

\*Examples are meant for illustration purposes only. Coverages are subject to the provisions, limitations, exclusions and endorsements contained in the policy itself. Deductibles may apply. Coverage underwritten and provided by Liberty Mutual Insurance Company and affiliates, 175 Berkeley Street, Boston, MA 02116.

Notes

