A TALE OF TWO STUDENTS

Whether you remain in credit heaven or credit hell all depends on the choices you make and the ways you use (or abuse) your plastic. Here how it works:

Kaya and Julia both attend college and get their first credit cards with a $2,000 credit limit and 13.99% interest. Kaya looks for every way she can find to save money. Julia, on the other hand, is a firm believer in convenience; her time is too important for her to pinch every penny.

Your money or your time — which is worth more to you? There’s no correct answer, but your spending habits will have consequences.

TIME TO BUY BOOKS FOR FALL CLASSES.

Julia’s friends head to Massachusetts, Kaya’s friends are heading to a dance weekend in Saratoga Springs, New York, while students find students selling two of the books she needs. So what if they’re used and already highlighted? These students earn great grades, so any markups in their books can only help her, right? She meets with each of them and she hands over $120 in cash from her summer earnings. At WWW.HALF.EBAY.COM and WWW.CHEAPBOOKS.COM, she finds the other three books she needs. She charges them for $140.

THE FIRST CREDIT CARD PAYMENT IS DUE TOMORROW.

Julia’s juiced to start fresh, plus, she ended up hangin’ with her girls all last week before they left for their own college campuses, so she doesn’t want to spend a lot of time online searching for bargains. She buys all new books for a total of $375. She puts the entire cost on her credit card because she’s saving her summer cash for a ski trip with her friends over winter break.

IN THREE WEEKS, THE OUTDOOR CLUB IS HAVING A FOLIAGE RIVER TRIP, WEATHER PERMITTING.

Julia realizes she’s going to miss her first payment. Dang! Well, she decides not to sweat the one-time $35 penalty or the 6% interest increase — it doesn’t sound like much. Besides, she figures, she can take the money she was going to use to pay down her balance and use it for school supplies instead so that she doesn’t have to make further charges on her card this month.

THE CREW Wants TO CELEBRATE THE HOLIDAYS TOGETHER.

Julia’s friends head to Massachusetts, where one of them lives and can put everyone up for the weekend. Between a weekend in Boston and Christmas gifts for everybody, another $300 goes on the card.

A NEAR ACCIDENT ON THE INTERSTATE: THIS SERIOUS WINTER MEANS A SET OF SNOW TIRES.

Julia wants to show up lookin’ good, so she charges a new kayak, paddle, PFD, spray skirt, dry case, and other gear. Now she’s tricked out — and $600 deeper in debt. But, hey, at least she’ll be able to use the stuff for almost forever, so she considers it a good investment.

SPRING BREAK!!

Julia’s friends are heading to a dance weekend in Saratoga Springs, New York, while Kaya takes a temp job. She knows that if she goes dancing, she’ll just use her plastic again, and — after all — the festival will be there next year. With the money she earns, Kaya can pay down about $300 on her card, so she waves buh-bye to her girls and heads off to work.

A FEw MORE PAYMENTS — THEN SUMMERTIME!

Julia’s not looking forward to a lame summer working all hours, waiting on tables at a hotel to try to pay down some debt. If she wants to pay off a lot of the balance she’s accumulated, she won’t be able to save that cash, which she would normally use for spending money during the next school year. This means that she’ll need to get a job throughout the year just so she can make the minimum payments of about $28 a month.

IF NEITHER EVER USES HER CARD AGAIN…

| KAYA’S TOTAL DEBT: $110 |
| AT $15/PAYMENT: 8 MONTHS OF REPAYMENT |
| TOTAL INTEREST PAID: $5.35 |

| JULIA’S TOTAL DEBT: $1,643 |
| WITH MINIMUM PAYMENTS: MORE THAN 8 YEARS OF REPAYMENT |
| TOTAL INTEREST PAID: $1,310 |

Imagine NEVER charging anything AGAIN for at least 8 YEARS!