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**Writing Sample**

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## **Best Banking Deals for College Students**

It's a good time to be a college student, financially speaking. Banks are courting college students by offering deals and benefits not available to other age brackets. Look at it as one of many reasons to go to college.

### **Putting Out the Welcome Mat**

At a time when banks seem to be gouging customers every way possible, they're being really nice to college kids. Here are a few reasons why banks look at college students like a hungry person looks at a hamburger:

- **Student customers grow up and become adult customers.** Credit reporting agencies give points for hanging onto credit cards for a long time. Therefore, if a bank snags someone in college, chances are the student will continue to be a customer as an adult.
- **College students tend to handle debt well.** They usually to carry low balances and make payments on time. Surprising, but true.
- **College students are generally good credit risks.** New credit card rules require students under age 21 to have a co-signer and proof of income or assets.
- **College students like to use prepaid cards.** These cards generally aren't a good deal for students, but banks love them. More on this later.

Let's look at the different banking options available to college students, shall we?

### **Credit Cards**

Some credit card companies offer longer promotional rates and better rewards to college students than to other customers:

- The Discover Student More card and the Discover Open Road Card for Students feature a 0% interest rate for nine months.
- Capital One's Journey Student Rewards card features 1% cash back on purchases and a 25% bonus for on-time payments.
- The mtvU Platinum Select Visa card from Citi gives 5 points for each dollar spent at select stores, and 1 point for all other purchases. Students can get up to 2,000 points if they carry a GPA of 2.5 or higher.

Watch out for high interest rates, though. Citi, Discover, and Capital One interest rates can be as high as 19 or 20%, which is about 25% higher than the industry average. If you use one of these cards, be sure to pay all of the balance each month. Go to [www.nerdwallet.com](http://www.nerdwallet.com) for a quick and easy way to evaluate credit card deals.

### **Checking Accounts**

Many banks offer free, easy-to-maintain checking accounts to college students. Big banks like Fifth Third and U.S. Bank, and smaller banks like Valley National Bank,

feature checking accounts that can be opened with as little as \$50. These accounts don't have minimum balance requirements or require direct deposits.

Sallie Mae, the student loan giant, has a new no-fee checking account that offers extensive free ATM access and the ability for schools to deposit financial aid directly into the account. The Sallie Mae checking account is available at only a small number of schools right now, but more will be added this year.

### **Debit Cards**

Some banks lift ATM fees and offer rewards programs to make their debit cards attractive to college students. Fifth Third Bank and U.S. Bank allow students to use non-network ATMs several times per month without charging a fee. Be wary of some of the debit card rewards programs, though. Financial institutions like TD Bank and Sovereign Bank have cheap student checking account offerings but lousy debit card rewards programs.

### **Prepaid Cards**

Many banks market their prepaid cards to parents of teenagers, but none of them specifically target college students. When you add up 1-2% swipe fees, \$10 monthly account charges, and various ATM fees, you realize that prepaid cards are a pretty bad deal overall.

Banks say prepaid cards are good because they teach students to manage their money and prevent them from accumulating credit card debt. True, but on the flip side, prepaid cards are a disadvantage because they offer no opportunity for students to build credit histories. Activity on most of these cards is not reported to credit agencies, so even the most responsible prepaid card user won't see their credit score go up.

### **The Bottom Line**

Bank offerings for college students, like pretty much everything involving money, require research and evaluation. Do your homework: look at banking deals, talk to your parents, see if your college works with any financial institutions, and consider other financial institutions like credit unions. You will be surprised at how much money you'll need for everyday expenses in college, so don't give your bank any more than you have to.

### **For Further Research**

<http://www.smartmoney.com/plan/banking/the-best-banking-deals-for-college-students-1315349575089/>

<http://www.cardratings.com/studentcreditcards.html>

<http://www.cardratings.com/new-credit-card-bill-hit-college-students.html>

<http://www.money-rates.com/advancedstrategies/checking/checking-account-fees-and-college-students.htm>

<http://www.collegeview.com/articles/article/banking-in-college>