

## Judge rules against credit cards

By Caitlin Traynor  
NEWS EDITOR

"The best way to manage credit card debt is to avoid it," Judge John Ninfo says. This is the motto he preaches to everyone — students, parents, doctors, lawyers, bankers and himself.

Judge Ninfo is the chief bankruptcy judge for the western district of New York state and founder of the Credit Abuse Resistance Program. He spoke to approximately 20 students Nov. 7 as part of the program.

He presides over an average of 7,700 bankruptcy cases per year. Compared to the 1,400 cases he reviewed in 1985, today's financial problems are becoming increasingly worse.

As a way to act proactively to this growing problem in the United States, Ninfo created the CARE program in 2002 in Rochester. The program brings bankruptcy judges, attorneys and trustees to high schools, colleges and communities in more than 32 states to teach about financial responsibility.

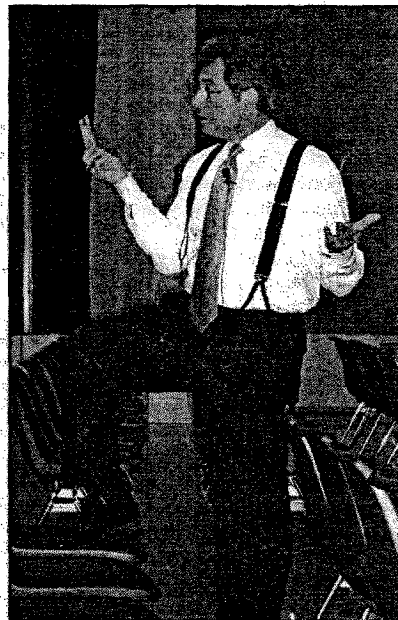
"This is what we (bankruptcy judges) live with," Ninfo said. "I started the program because I couldn't sit there everyday watching people ruin their lives, realizing they were so financially illiterate, without doing something about it."

Credit card abuse is the most common reason people end up in bankruptcy court Ninfo said.

Financial management and responsibility is not being adequately taught at school or at home, Ninfo said, and the CARE program acts as supplemental education.

"Personal finances ... is not about your academic IQ, it's about your financial IQ," Ninfo said.

Nin的角度 said in our "buy now, pay later" society, anyone is vulnerable to credit card debt. He said he sees doctors, lawyers, engineers, accountants, bankers and teachers in court — the people that would be least likely to be in debt. Ninfo says this problem largely accumulates because of lack of education.



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**Judge Ninfo spoke to about 20 students Nov. 7 about the CARE program he established in 2002 to educate people on credit card debt.**

"Education is key," Ninfo said.

In Ninfo's lecture on the CARE program he explains that "credit cards are not new money, more money or free money. They're debt."

The program's tips revolve around avoiding credit cards. Ninfo stressed that problems managing debt in this country must be mended by focusing on individuals, not targeting credit card companies.

According to Ninfo, there is currently little regulation on the credit card industry and their fees and interest rates.

"Consumer spending and buying is fuel-

ing the national and international economy, so why would [the government] regulate it?"

The CARE program's focus is to wake people up to the harshness of the credit card industry and the consequences of spending money they do not have.

According to Ninfo, more than 10 percent of college students are forced to drop out mainly because of credit card debt.

"Your credit score may be more important to your future than your academic transcript," Ninfo added.

Credit reports are being checked by everyone today, Ninfo says. Car loans, jobs, student loans, apartments, admission to graduate schools, among other things can hinge on a person's credit report and determine their future.

Nin的角度 also explained that things like drug addictions, gambling and alcohol can expand a person's debt.

"Credit cards are being used by more and more people to fund some of the social problems we have in this country," Ninfo said.

According to Ninfo, young people are one of the most vulnerable age groups at risk for credit card debt. The CARE program is working hard to target young people and stress to them the importance of avoiding credit cards and saving money instead of spending it, Ninfo said.

"People don't have savings," Ninfo said. "For the first time in our country since the Great Depression we have negative savings. And yet we should be saving more. [Young people] know [they're] not going to have social security most likely. What are [their] health care costs going to possibly be given what they are today?"

Nin的角度 says he hopes the CARE program will start a movement of education against credit card debt.

"The bottom line is we're the ones who are in the trenches everyday dealing with the worse consequences of the financial illiteracy that we have in this country," he said.

"I'd like to put myself out of a job," he joked.

## Judge Ninfo's Top 10 Financial Tips for College Students

**1. Create a budget** — A realistic budget will identify exactly what you are spending your money on and your "needs" versus your "wants."

**2. Open a savings account** — You will need savings, not only for emergencies but for the expenses you know you are going to have, like that extra book your professor will assign or repairs for your car that's out of warranty.

**3. Look for ways to save money** — Look for the cheapest gas prices in the immediate area, go to discount movie theatres and take advantage of student discounts.

**4. Use cash, a debit card or a checking account instead of a credit card** — People who use cash for their purchases spend less, so if it's less than \$20 or you can eat or drink it, use cash.

**5. Avoid credit card debt** — Remember, the best way to manage credit card debt is to avoid it. Credit card debt at high interest rates, and with the likelihood that you will pay some exorbitant fees, means that you will pay significantly more for everything you do and buy.

**6. Pay your bills on time** — One of the worst things you can do to your credit rating is to pay your bills late. This includes not only your credit card bills, but your rent, telephone, utility and cell phone bills.

**7. Always pay any debt off as quickly as possible** — Research the best card for rates and fees and then don't charge anything on it that you can't pay for at the end of the month. If for some reason you don't pay off your credit card bill in full, pay at least 10 percent of the balance.

**8. Minimize your student loan debt** — Before choosing a college and course of study, ask yourself if the job you are likely to get after college justifies the student loan debt you will incur for the degree you will get at that institution.

**9. Other things to avoid** — Impulse shopping, expensive behaviors like gambling and drugs, opening multiple store charge accounts, more than three-year car loans, and rent-to-own stores.

**10. Remember the consequences of abusing credit cards and other consumer debt** — Don't lose out on a job, student loan, admission to graduate school, apartment or car loan because of too much credit card debt. Today everyone is pulling credit checks and using them to make decisions about your future.