



THE novadebt CONNECTION

A GARDEN STATE CONSUMER CREDIT COUNSELING ORGANIZATION

June 2010

Community Outreach

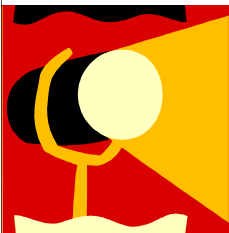
By: Becky Winters, Education Developer

Feeding America, the nation's largest domestic hunger relief organization, has just completed a study where it was reported that more than 37 million people, one in eight Americans — including 14 million children and nearly 3 million seniors — receive emergency food each year through the nation's network of food banks and the agencies they serve. The findings represent a staggering 46 percent increase since the organization's previously released study 2006. Many of the people served by Feeding America food banks report they are struggling with unemployment, difficult choices between food and other basic necessities, along with the pressures of skyrocketing healthcare costs.

In Monmouth and Ocean Counties, in New Jersey alone, over 127,500 people received emergency food through pantries, soup kitchens and shelters during 2009; an 84% increase over the 69,340 annual recipients, just five years ago, in 2005. The demographics of this increasing population has also changed in the last five years:

- Many more are working poor, or have recently lost jobs in the recession.
- 55% of client households have at least one member working (44% in 2005).
- 30% of client households are elderly or disabled with Social Security/Disability as their main income.
- 50% of client households have a job or unemployment benefits as their main source of income.
- 22% of adults in client households lost jobs within the last year and were still unemployed (6% in 2005).
- 6% of client households have welfare (TANF, GA) as their main source of income.
- 7% have no income and 4% are homeless.

Each week, members of Novadebt's Outreach group volunteer to help sort and distribute food donations at the Food Bank of Monmouth and Ocean Counties. They have seen first hand the increased need that is year round; not only during holiday seasons. As we enter the summer months, please keep these families in mind and donate what you can. While schools are out for the summer, many children no longer have access to the nutritional breakfast or lunch that they receive through subsidized programs during the school year. These families will need additional assistance while their children are home. Let's work together to help our communities. Locate a food bank in your area and offer your time. You too can make a difference!



Novadebt's Employee Spotlight:

Bruce Cameron

I'd like to nominate Bruce Cameron for the "Employee Spotlight". I made Bruce the project lead on the New Credit Master Server, Accounting Overhaul and Client Web Access projects. I gave Bruce an aggressive timeline with these projects and he has worked nights and weekends to make sure that all of these projects are on-schedule and working correctly. He has proven to me that his communication skills (with myself and with Novadebt staff) is excellent and has been a big factor in the success of these projects. He has also worked tirelessly on daily support issues both with Novadebt and with the Credit Master clients. I have been extremely impressed with Bruce's attitude and work ethic and feel very strongly that he should be recognized for his terrific work.

Bruce Cameron has spent over 10 years programming Credit Master—Novadebt's Credit Counseling Application and Database. After many years working as a consultant, Bruce joined Novadebt in 2009 as a Senior Application Developer. Working closely with Chip Fichot, Bruce now heads projects to improve and enhance Credit Master for the Novadebt staff and increase access to data for clients.



Welcome to the newest section of our newsletter...**Dear Kim.**

My name is Kim Cole and I am the Education Outreach Coordinator for Novadebt. In my 7 years with Novadebt, I have been asked all kinds of financial related questions. The common thread is that everyone feels they are the only one with that particular question, and they are wrong.

At Dear Kim, our clients will have the opportunity to ask their questions relative to personal finance and view answers to those questions in print.

We will select a few questions each month to respond to in the newsletter. If your question is not one of the lucky questions chosen for print, we will still provide you with a reply directly.

Novadebt will only publish your first name and state, and we will happily accept anonymous questions.

Please send your questions via email at kcole@novadebt.org or through the mail:

Novadebt
Attn: *Dear Kim*
P.O. Box 160
Adelphia, NJ 07710-0160

Dear Kim...

Dear Kim:

My son is graduating from high school this month. He is planning on attending a community college for a semester then possibly going to a four year school. We are able to pay the community college ourselves, but will need loans for the four year school. When I asked at my bank, they suggested government loans. Which is better?

Sincerely,
Joann in Columbus, OH

Dear Joann,

Congratulations to you and your son! There are many big changes ahead for both of you. Funding a college education can be confusing. A college education can be very costly and financial aid may not cover the whole cost. First, you must fill out a *Free Application for Federal Student Aid* (FASFA). You can do this right online at www.fasfa.ed.gov. This application is used by almost all two and four year colleges through out the country. Its purpose is to provide the school and the federal government with your financial information, and then share with you what federal financial aid is available to you. The information they send you is called the *Student Aid Report* (SAR).

The federal loans available to students are the Federal Perkins Loan, Subsidized Stafford Loan, Unsubsidized Stafford Loan, and Federal Plus Loan. Subsidized loans are need based and the government pays the interest on the loans while the student is in school, for the 6 months after the student has left school, and during any deferment period. Unsubsidized is not based on need and the student is responsible for interest from the time the loan is taken until it is paid in full. The student does have an option to pay the interest while they are in school to prevent it from accruing. The Plus Loan is a loan that a student's parents would take for their child's education.

The private student loans that your banker referred you to are loans that are issued through a private entity, such as your local bank, to pay for school. The problem with these loans is they tend to be considerably more expensive in the long run. The private loans tend to have higher interest rates, and they may have variable (changing) interest rates. This means that the interest rate can go up while the student is in school. The Unsubsidized Stafford Loan is a fixed rate loan and the current rate is 6.8%. The average interest rate on the private loans is around 10%. In addition to this, most students need a co-signer to get the private loan or a more affordable interest rate.

Not all private loans are bad. I do feel that it is in your best interest to exhaust all of the federal options before looking into the private student loans. They should be your last choice. I strongly urge you to get in touch with the college financial aid office, if you have concerns. Their main job is to help families find ways to afford college.

Thanks for the great question!

Sincerely,
Kim