

# Dollars and Sense

MONEY • BUSINESS • ACADEMICS

## Money for nothin' Why investing your dollars makes more cents than ever

By JULIE CARRICK  
The Review, U. of Delaware

The lore of the impoverished student often is reality. You bounce checks, skip bills and barely scrape by — even rely on the occasional parental handout.

But the problem may not be how much money you have. It may be what you're doing, or not doing, with it.

"There are a lot of (investment) opportunities out there; students just don't take advantage of them," said Robin Williams, an investment analyst with the Wilmington Savings Fund Society.

Williams said students tend to put all their money in no-interest checking accounts instead of stocks, bonds, mutual funds, CDs or even savings accounts. Their money sits in financial limbo instead of working for them.

Granted, she said, the old adage still rings true: you have to have money to make money. But that doesn't necessarily mean that you have to have a lot to make a lot. Just \$50 or \$100 a month can put you on the road to financial security. You just have to know your options.

### Stocks

Stocks offer the highest earning potential of any investment, but they come with no guarantees.

Purchasing stocks is essentially the same as owning a fraction of a company. If the company fares well, the value of each share increases. Unfortunately, stocks decrease in value as often as they increase.

Serious stock market investors spread their money out over several stocks to reduce the risk in case one stock "takes a dive." But diversifying involves investing a great deal of money — money which students often don't have.

### Bonds

Purchasing a bond can be compared to lending money to a company or government organization. Instead of owning a share of the company, the investor receives the guarantee of reclaiming the initial investment, plus interest, after a fixed amount of time.

However, if cashed too soon, bonds can involve severe penalties.

### Mutual Funds

Mutual funds attract young investors because the initial

### Money, Money, Money

Estimated value of a \$1000 investment after ten years:

- ① Uninvested money  
\$646
- ② Money invested in a savings account  
\$2,199
- ③ Money invested in a mutual fund  
\$5,169
- ④ Money invested in a mutual fund with \$100  
supplemented monthly  
\$32,584

NOTES:  
 ① Without investment, inflation reduces the value of \$1000 to \$646.  
 ② Based on a savings account with 5 percent interest compounded annually.  
 ③ Mutual fund compounded annually.  
 ④ A total of \$13,000 would be invested after ten years.

MEL MARCELO, UCSD GUARDIAN, U. OF CALIFORNIA, SAN DIEGO

investment can be as low as \$250, can easily be expanded and can be cashed at any time without penalties. Instead of putting a large sum of money into purchasing one stock, investors pool their money with other individuals to purchase a diversified stock portfolio.

Mutual funds generally prove secure because portfolio managers redistribute investors' money according to changes in the market.

"Shareholders don't even need to understand the stock market to make money," said Larry Schmittinger, vice president of the investment firm Legg Mason Wood Walker, Inc.

### Money Markets

Money market accounts are short-term mutual funds. Investors jointly purchase a large stock portfolio for a short period of time. Some money markets offer high interest rates, but the rates always are relative to the risk of the stocks included in the portfolio.

### Certificates of Deposit

Like money markets, CDs are short-term vehicles for guaranteed returns at higher rates than simple savings accounts.

Instead of loaning money to a company, the investor lends money to a bank with a promise not to withdraw the money for a specific number of years. But be warned, early withdrawal penalties can absorb all interest and deduct from the original investment.

## Save now for the costly bills of your future

By JULIE CARRICK  
The Review, U. of Delaware

When college students think about their finances, they usually consider only short-term expenses like rent and books. But the future is soon, and it will be expensive.

In 10 years, today's college student will be struggling to buy a first home, keep bill collectors at bay and raise a family. Economists predict that the cost of a four-year education alone for a child born in the next few years will top \$100,000.

But now is not the time to jump out of windows. The \$1,000 invested now and carefully nurtured, could mature into a \$60,000 nest egg in the next decade. With a little planning, today's students are investing in the future.

"Investing should be a lifetime commitment," said analyst Larry Schmittinger. "You can't expect to make much money in three to six months."

Jennifer Nerf, a senior at Syracuse U., said she invested money in a mutual fund when she came to college.

"It's easy because someone else manages your portfolio for you, and you get the profit," she said.

And Angela Thoeman, a senior at North Carolina State U., said she has worked her way through school and still managed to put money into a CD.

"I worked for the money," she said. "Now it's working for me."



ALINA WILCZYNSKI  
THE MONTCLAIR, MONTCLAIR STATE COLLEGE

## High-tech hackers scam for big bucks

By MICHELLE ROBERTS  
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From credit card scams to mail-order and phone fraud, college students are increasingly involved in computer scams designed to rip off major companies — and often are paying a high price when caught.

Last month, three California State Polytechnic U. sophomores were accused of illegally collecting more than \$90,000 worth of merchandise in a year-long, on-campus credit card swindling operation. Together the three men face 16 felony charges ranging in severity from possession of stolen property — including a VCR, bike and fish tank — to computer and credit card fraud.

"The computer crimes being committed have everything to do with the knowledge students have gotten at their schools," Berrett said, adding that students are using their intelligence to hurt themselves.

"I can't think of a company in the nation that will hire them," Berrett said.

Dave Banks, public relations manager for U.S. West Communications, said his company is often plagued by computer "hackers" who make thousands of long-distance calls to find valid calling-card codes. Then they sell the phony numbers to students who ring up their own bills. Many hackers turn out to be college students. "I guess college students, in general, are more computer literate," he said.

Other common student crimes include fake I.D. services, breaking into university computerized class registration to gain access into full or restricted classes and mail-order fraud.

Maura O'Keefe, associate director for consumer affairs for the Columbia House tape and compact disc club, said the mobile student lifestyle makes it easier for students to take advantage of mail-order companies.

"The most common (scam) is when people send in an application, we send out the merchandise, and then we never hear from them again," O'Keefe said, adding that many students use false names and addresses when applying for club membership.

Ralph Colin, a senior vice president of Columbia Records, said university administrators and campus police, with the help of the postal service, also are coming down hard on dishonest students.

"In one case, we had a young man from a state college rip us off — he got into us for a fair amount of money — thousands of dollars," Colin said. "We got in touch with campus police. (The student) had designs on going to graduate school. As a result of his dealing with Columbia House, he was told (by the university) that he could forget it until he got the matter cleared up. These things definitely come back to haunt students."