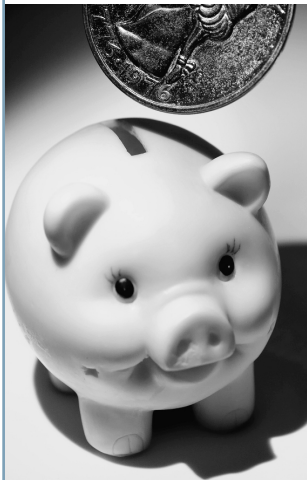




# NEWSLETTER

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+Protesters Speak Out On FinAid  
+Aid And Diversity



## Law School Loans

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## MOTLEY FOOLS FEES UP

- DAYANA YOCHIM

It's that time of year again. We listen to endless loops of saccharine-sweet holiday tunes, binge on stale taffy sent by prospective business partners, and, most of all, we wallow in the remembrance of our big foul-ups of the previous year.

Everybody does this, right?

In the past, I've fessed up publicly to some [major shopping blunders](#) and [lazy budgeting habits](#). And just this year, I admitted to plunging blindly into the biggest financial commitment of my life. In the "[the mother of all impulse purchases](#)", I bought a home.

Luckily, I'm not the only one committing crimes of wallet. While we all started 2005 with a clean slate, that didn't stop my fellow Fools from making some major money blunders of their own. Read on as they come clean.

### True Fool confessions

In January 2001, writer-analyst Tim Beyers finished paying off more than \$45,000 in

credit card debt. His amazing three-year journey to financial freedom, which you can [read about here](#), started with a little purple notebook.

Tim, it's time to start another notebook. Might I suggest a calendar this time? He fesses up to missing the payment deadline on his credit cards four times in '05. And without prompting, he also owns up to bouncing at least three checks. "I haven't calculated the damage, but it's at least \$200 in overdraft fees and late charges," he admits. In his own words: "Stupid, stupid, stupid." Glad we didn't have to say it.

The temptations of plastic and faraway lands were too much for two marketing Fools to overcome. One spent a memorable 14 days in the jungles and mountains of Peru. His plan to pay down his \$8,000 in credit card debt was put on hold until he returned. Evidently, his finances are still strapped: It appears that he can't even afford a haircut.

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## FEDERAL LOAN CONSOLIDATION: TOO GOOD TO BE TRUE?

### FEDERAL LOAN CONSOLIDATION: TOO GOOD TO BE TRUE?

When you hear about the benefits of federal consolidation, you may think that it is too good of a deal to be valid. Lower monthly payments, fixed interest rates, and additional benefits are offered-all without a credit check, income verification, or fees! It seems too good to be true, but this is one time when you can believe the hype.

The federal student loan consolidation program is intended to help students better manage their loans. Because getting an education is not cheap and millions of students rely on federal student loans to finance their education, federal loan

consolidation provides somewhat of a break for students graduating with debt. Students who consolidate enjoy a fixed interest rate, lower monthly payments, and a longer loan term. Additionally, many lenders offer graduated repayment plans to help the students keep more of their hard-earned money in their pockets during the early years of their careers.

Another great benefit of federal consolidation loans is that they remain guaranteed by the government. Therefore, they are very attractive for private lenders making these loans. Because of this, lenders often offer responsible borrowers further reductions in interest rates to attract

*Continued on page 2*

Although the market for student loan services is extremely broad, our company has chosen to focus on one elite niche: We cater to the particular needs of law students and graduates. On average, a juris doctorate student will have around \$100,000 in student loans by the time he or she graduates - a much larger amount than many other kinds of graduate students. A J.D. will also often have questions that only someone with a legal background would think to ask. Established and run by attorneys, Law School Loans is prepared to fulfill the needs of law school graduates at every level. We invite you to visit us at [www.LawSchoolLoans.com](http://www.LawSchoolLoans.com).



# NEWSLETTER

*Federal Loan Consolidation: Continued from page 1*

their business. These payment incentives, coupled with a fixed interest rate for the life of the loan, make federal consolidation loans exceedingly affordable compared to other types of consumer credit. You can generally borrow tens of thousands of dollars while still maintaining a manageable monthly payment. Also, if you run into a period of financial difficulty, federal consolidation loans generally qualify for periods of deferment or forbearance until your financial situation improves.

*Motley Fulls Fees Up Continued from page 1*

A well-coiffed Fool celebrated his girlfriend's law school graduation in Costa Rica, courtesy of **MasterCard**. He's currently playing the [rate-hopping game](#) with his unpaid balance, which is lasting much longer than those costly tan lines.

## **DRIVEN TO DISTRESS**

Writer Rich Duprey regularly spins [inspiring yarns about financial turnarounds](#) on these pages. This year he fell victim to the siren song of the good life and traded in his beater-car lifestyle for a lease on an entry-level Mercedes Benz 230C Kompressor.

Silly Rich. He forgot two key factors: He drives—a lot—and it snows like mad where he lives. He recently discovered that his high-performance car doesn't do so well in poor weather. And in just eight months, his odometer has already passed the 20,000-mile mark. After calculating the overages he'll have to pay if he turns the car back in at the end of the lease (\$0.20 a mile for the first 5,000 miles over the limit, and \$0.25 a mile thereafter), Rich has himself a fine piece of driveway sculpture.

He's already shopping for a second car (yes, a beater) that will better handle the snow and extra miles he's going to log.

For some, the math is just too much to bear, especially when it comes to financial moves that backfire. In May 2004, our Advertising Operations Manager (or "Admistress") decided to take up her lender on a 0%-APR-for-a-year credit card check for a \$5,000 down payment on a car. She figured the 3% check fee was better than the 6.99% financing **Ford** (NYSE: F) was offering.

Fast-forward to May 2005: The five grand—plus some—still sat on her credit card. The 0% deal ran out, though, forcing her to pay 18.99% in interest on her balance. "I'm not sure how much money I actually lost in the process, but it was definitely a stupid idea, no matter what," she says.

Federal student loan consolidation does not have a downside. As long as you choose your lender carefully (because usually, you can consolidate only once), you may save thousands of dollars in interest, have lower monthly payments, and have the added flexibility and advantages that only come with federal loans. Because the government may terminate this program in the future, this is one program you should take advantage of now. With federal loan consolidations, there really is no catch!

We don't want to leave her in the lurch, so here's a link to a [credit card calculator](#). And here's one to our free [Get Out of Debt online guide](#).

## **BLINDED BY LOVE**

Wedding bells were in the air at Fool HQ in 2005. Nothing says "love is blind" like the price tag on bridal accoutrements. Marriage-minded madness drove one bride \$20,000 over her budget. Although the big day was wonderful, she says the video she shelled out for is barely watchable.

The dress was a hit, but she blushingly admits to spending \$5,000 on the outfit she can only wear once. The \$200 shoes padded the bill even further—but not her tootsies: She could barely make it through the big day her dogs hurt so much.

Her financial triumph, however, overshadows the overspending. For the first time in 10 years (more than one-third of her life), she is completely out of credit card debt, even with the wedding bill blues.

Another Fool bride narrowly escaped financial devastation when her entire New Orleans celebration was wiped out by Hurricane Katrina two weeks before her wedding day. But thanks to a \$300 wedding insurance policy (and the kindness of the New Orleans vendors she hired), the disaster didn't turn into a budget-buster. She got back the nearly \$6,000 in deposits and threw a memorable Louisiana-style bash a few months later in a new location.

## **GOOD INTENTIONS, BAD EXECUTION**

For all of our yammering about taking the financial high road, some of us Fools are a lot of talk—and little action.

Resident retirement expert Robert Brokamp owns up to leaving \$300 on the table—money he and his family set aside in their flexible spending account—because the reimbursement deadline slipped his mind. Granted, he and his family were moving at the time. But that doesn't take away the sting of having that tax-free \$300 forever gone.

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# NEWSLETTER

Human Resources was bustling this year. Perhaps that's why the head of the department completely flaked about sending in the rebate for \$100 on his new stove.

A resident software developer told me that the best way to make sure all the bills are paid on time was to set up automatic bill payment via online banking. All of his bills were indeed paid on time in '05, and then some. He confesses that only recently did he actually review his Verizon ([NYSE: VZ](#)) bill when he noticed that for months he had been paying for DSL service he ordered but cancelled before it was installed. Now all that time he saved automating his bill payment is being sucked up by the red tape of getting a refund.

And then there's my pal Alyce Lomax, our retail expert to whom I turn for tips on finding the best shoe sales. After two years of dragging her feet, it was this article query—and threat of public shaming—that finally got her to sign up for the Fool's 401(k) plan. This is a plan that includes a company-match component (a.k.a. "free money"), I might add.

None of us owns a crystal ball, but sometimes we act like we do. Analyst Steven Mallas spent 2005 second-guessing the Fed. Convinced that Greenspan, et al., was done with interest rate increases, he dumped some money into a mortgage REIT he says is similar to [Income Investor](#) pick **Annaly Mortgage** ([NYSE: NLY](#)).

"I was wrong. The mREIT sector has seen falling prices and dividends slashed like counselors at Camp Crystal Lake," he laments.

Oopsy daisy!

## **LIFE HAPPENS. CHECK, PLEASE!**

After running the numbers, editor Roger Friedman and his wife decided that it was time for a new addition to their household of three. They'd have to stretch financially, but a little brother or sister for their darling daughter would complete their family unit.

Fate (and family genetics) decided to supersize their plan, and now they're expecting twins in February. "If

my wife and I have hopes of sending our offspring to a private university down the road, one of us is going to have to sell a bunch of organs or win big money on the new Howie Mandel game show."

Another Fool editor, Brian Richards, thought he knew what he was in for when he bought a "fixer upper" over the summer with "cosmetic" water damage in the surface. He thought he could "quickly" renovate the surface items. (All the quotes are his, by the way.)

But you can't judge a home by its outward appearance. When construction began, he found rusted-out pipes, rotten subfloors, and crumbling wood moldings. "At one point, this sentence came from my mouth: 'We're hemorrhaging money!'," he admits.

## **DON'T SUFFER ALONE**

We have a history of sharing our boo-boos at Fool.com. Longtime Fool analyst Bill Mann admitted that his enthusiasm for the telecommunications industry got in the way of his ability to do dispassionate analysis—and [he paid for it](#). Founder Tom Gardner shared [three of his biggest blunders](#) he made back in 2000. And even readers have copped to things—such as [surprising debt levels](#)—in public.

Got something you'd like to get off your chest? Never contributed to your 401(k)? Carrying credit card debt? Bought a stinker stock and rode it all the way to its universally historic low? Head over to the Fool Confessional, otherwise known as the [Fools and Their Money discussion board](#).

We're all ears. And, boy, can we relate.

[Dayana Yochim](#) is happily moved into her 2005 impulse purchase and is currently overspending on domestic accoutrements. Talk about full disclosure. Check out the [Fool's policy](#).

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