Final Draft, MLA Essay (Watson)

Matt Watson

Professor Mills

English 101

12 March XXXX

Hooked on Credit Cards

Credit card companies love to extend credit to college students, especially those just out of high school. Ads for credit cards line campus bulletin boards, flash across commercial Web sites for students, and get stuffed into shopping bags at college bookstores. Why do the companies market their product so vigorously to a population that lacks a substantial credit history and often has no steady source of income? The answer is that significant profits can be earned through high interest rates and assorted penalties and fees. By granting college students liberal lending arrangements, credit card companies often hook them on a cycle of spending that can ultimately lead to financial ruin.

Introduction orients readers and ends with a thesis.

Introduction poses a question to engage readers and lead them to the thesis.

Thesis announces the writer's main point.

Whereas banks require applicants for a loan to demonstrate a good credit history and some evidence of an income flow, credit card companies make no such demands on students. On campus, students find themselves bombarded with offers of preapproved cards--and not just on flyers pinned to bulletin boards. Many campuses allow credit card vendors to solicit applications during orientation week. In addition to offering preapproved cards, these vendors often give away T-shirts or CDs to entice students to apply. Students are bombarded on the Web as well. Sites with heavy student traffic are emblazoned with banner ads like this one: "To get a credit card, you need to establish credit. To estab-

Clear topic sentences guide readers through the body of the paper.

Marginal annotations indicate MLA-style formatting and effective writing.

Source: Diana Hacker (Boston: Bedford/St. Martin's, 2006).

lish credit, you need a credit card. Stop the vicious cycle! Apply for our student MasterCard."

Body paragraphs are developed with details and examples.

Credit card companies often entice students with low "teaser" interest rates of 13% and later raise those rates to 18% or even higher. Others charge high rates up front, trusting that students won't read the fine print. Some young people don't think about the cost of interest, let alone the cost of interest compounding month after month. That back-to-school wardrobe can get pretty expensive at 17.9% interest compounded over several months. A $600 trip to Fort Lauderdale is not such a bargain when in the long run it costs $900 or more.

Transition serves as a bridge between paragraphs.

Summary of the source is in the student's own words.

Source is documented with an MLA in-text citation.

In addition to charging high interest rates, credit card companies try to maximize the amount of interest generated. One tactic is to extend an unreasonably high credit limit to students. According to Nellie Mae statistics, in 1998 undergraduates were granted an average credit limit of $3,683; for graduate students, the figure jumped to $15,721. Nearly 10% of the students in the Nellie Mae study carried balances near or exceeding these credit limits (Blair).

Another tactic is to allow students to maintain a revolving balance. A revolving balance permits the debtor to pay only part of a current bill, often an amount just a little larger than the accumulated interest. The indebted student is tempted to keep on charging, paying a minimum amount every month, because there aren't any immediate consequences to doing so.

Writer cites a Web article from a reputable source.

Once a student is hooked on a cycle of debt, the companies profit even further by assessing a variety of fees and penalties. According to a press release issued by Consumer Action and the

Source: Diana Hacker (Boston: Bedford/St. Martin's, 2006).

Consumer Federation of America, many credit card companies charge late fees and "over the limit" penalties as high as $29 per month. In addition, grace periods are often shortened to ensure that late fees kick in earlier. Many companies also raise interest rates for those who fail to pay on time or who exceed the credit limit. Those "penalty" rates can climb as high as 25% (1-2).

Often students discover too late that they are thoroughly hooked. The results can be catastrophic. Some students are forced to drop out of school and take low-paying full-time jobs. Others, once they graduate, have difficulty landing good jobs because of their poor credit rating. Many students suffer psychologically as well. Even those who have parents willing to bail them out of debt often experience a great deal of anxiety and guilt. Two students recently grew so stressed by their accumulating debt that they committed suicide (Consumer Federation of Amer. 3).

Credit cards are a part of life these days, and there is nothing wrong with having one or two of them. Before signing up for a particular card, however, college students should take the time to read the fine print and do some comparison shopping. Students also need to learn to resist the many seductive offers that credit card companies extend to them once they have signed up. Students who can't "just say no" to temptations such as high credit limits and revolving balances could well become hooked on a cycle of debt from which there is no easy escape.

Conclusion echoes the writer's main idea.

Source: Diana Hacker (Boston: Bedford/St. Martin's, 2006).

Works cited page follows MLA format.

Works Cited

Blair, Alan D. “A High Wire Act: Balancing Student Loan and Credit Card Debt.” Nellie Mae. 1999. 6 Mar. 2001 <http://www.nelliemae.com/shared/bal.htm>.

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Consumer Federation of America. “Credit Card Debt Imposes Huge Costs on Many College Students.” Consumer Federation of America. 8 June 1999. 7 pp. 6 Mar. 2001 <http://www.consumerfed.org/ccstudent.pdf>.

Source: Diana Hacker (Boston: Bedford/St. Martin’s, 2006).