



HISTORY IN THE MAKING

How a positive credit history can open doors

THE
CREDIT
ISSUE

One day you'll need a loan to buy something big like a car or a house. To do this, you'll need a positive credit history. Think you're too young to worry about your credit history? Think again. The earlier you learn good credit habits, the better. **FOLLOW THESE TIPS:**

1

LIMIT YOUR CREDIT.

For many young people, the first type of credit you'll have is a low-rate credit card. When you get your first credit card, use it cautiously. Remember, the primary reason for having a credit card is to establish a positive credit history. This isn't free money, you'll have to pay it all back, plus interest.

2

BE SURE TO PAY YOUR BILLS ON TIME.

Most lenders charge a late fee when your payments aren't made on-time. This will cost you money and may even increase the amount you must pay on interest. Also, payments later than 30 days past due can adversely affect your credit history.

3

AVOID MINIMUM PAYMENT TEMPTATION.

When you receive your credit card statement, you'll see two numbers that jump out at you: your balance and your minimum payment. Pay the entire balance whenever possible. By only making the minimum payment, your interest charges will begin to add up, putting you deeper into debt.

4

AVOID EXCESS CREDIT APPLICATIONS.

Each time you apply for credit, your score may decrease just a bit. Too many applications can be damaging, so only seek loans and credit you truly need.



"This isn't free money, you'll have to pay it all back, plus interest."



WHY IS MY HISTORY IMPORTANT?

You will need a glowing credit history and score for a few things you will probably want in the near or distant future:



- **Buying a vehicle.** Getting a good financing deal requires a good credit history.
- **Getting a cell phone.** If your credit history is poor, you may be denied a cell phone contract.
- **Renting an apartment.** Many landlords use credit reports to determine responsibility and to see if you have too much debt to afford the rent.
 - **Getting a job.** As with renting an apartment, an employer will look at your credit report to see how responsible you are.
 - **Qualifying for low insurance rates.** You won't be offered the lowest car insurance premiums if you have a low credit score.
 - **Buying a home.** Yes, one day you may want to buy your own home, and in order to get the best interest rate on a mortgage, or even be able to get one at all, you'll need a great credit history.

Check your credit reports for accuracy at least annually. To access your annual free reports you can contact: **Annual Credit Report Request Service**
www.annualcreditreport.com • (877) 322-8228

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KEEP YOUR CARD PRIVATE AND SAFE

BE VERY CAREFUL ABOUT HOW AND WHEN YOU USE YOUR CREDIT CARDS. PREVENT THEFT BY:

- Never lending your cards to anyone.
- Never leaving your cards or receipts lying around.
- Always knowing your cards are in a safe place.
- Not giving your account number over the phone unless you know the company and you made the call.
- Only shopping from secure websites. Look for either a "lock" icon or for the URL to begin with "https" rather than just "http."
- Never emailing account information.
- Destroying old receipts safely, such as by shredding.
- Always checking receipts against your statements.

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