

MANAGING YOUR CREDIT

THESE ARE THE MOST IMPORTANT FACTORS TO HELP MAINTAIN OR BUILD A HEALTHY CREDIT HISTORY.

- 1. Pay your bills on time.** Making timely payments is the best way to maintain and improve your score. Always make sure your minimum payment posts to your account no later than the due date.
- 2. Keep Credit Card Balances Low.** High outstanding balances can weigh down your credit score. If you are carrying large balances, work out a plan and keep your balances at least under 50% of your total credit limit on each account.
- 3. Check your credit report for inaccuracies.** Pay close attention to payments you've made and accounts that have been paid off or closed. Watch out for items you've paid that may still be showing as discrepancies on your report. You may need to file a dispute.
- 4. Pay off debt, Rather than move it around.** When it comes to the amount of debt you have, the most effective way to improve your score is simply by paying down the amount you owe. Unfortunately, consolidating your balances onto one, or multiple cards every year really doesn't help improve your score in the long run.
- 5. Keep your credit cards, but manage them responsibly.** Keeping your credit

cards will help improve your credit score, as long as you manage them responsibly. It will not help your score to close cards or loan accounts immediately after paying them off. This actually may hurt your score. A higher average age for all of your accounts can help your score.

- 6. Don't open multiple accounts too quickly, especially with a short credit history.** Opening multiple accounts in a short period of time is considered a risk by reporting agencies. If you open 3 new accounts with a \$10,000 credit line, you are allowing yourself the opportunity to gain \$30,000 worth of debt instantly. New accounts will also lower the average age of your existing accounts, which can also lower your score.
- 7. Don't close an account to remove it from your record.** A closed account will still show up on your credit report and may still be factored into your score. Closing accounts could lower your score if they are positively contributing to your length of credit history.
- 8. Shop for a loan within a focused period of time.** FICO scores can distinguish between a search for a single loan and a

search for many new credit lines, based in part on the length in the over which recent requests occur.

- 9. Contact your creditors or see a legitimate credit counselor if you're having financial difficulties.** Don't hesitate to ask for help. The sooner you begin to manage your credit and make timely payments, the sooner you will see the results in your score.

You are entitled to receive a free credit report every year. You can visit www.annualcreditreport.com or receive by calling 1-877-322-8228



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Repair and re-establish credit. Repairing credit is a bit like losing weight: it takes time and there is no quick way to do it. Any quick fix attempt will most likely back fire, so beware of claims to repair your credit score fast.

There are three key things you can do to start the healing process.

1. **Check your credit report.** Part of the repair process is disputing inaccurate information. Each credit reporting agency has an online dispute process you can follow. You must have a file number in order to file online. Otherwise, you can submit your dispute in writing through mail to TransUnion and Equifax.

TransUnion
P.O. Box 2000
Chester, PA 19022
www.transunion.com
1-800-680-7289

Experian
www.experian.com
1-888-397-3742

Equifax
P.O. Box 740241
Atlanta, GA 30374
www.equifax.com
1-800-525-6285

2. **Make Timely Payments-Set up automatic payments or payment reminders.** Making your payments on time is one of the biggest contributing factors to your credit score. Most creditors offer to do automatic payment deduction from your credit union checking account. Keep in mind this is usually only going to take the minimum payment required. They also offer payment reminders via text message or email.

3. **Reduce the amount of debt you owe.** Easier said than done, but reducing your debt will be more satisfying than improving your credit score. First thing, stop using your credit cards. Use your credit report and make a list of your accounts. Update with your current statement balances and determine how much interest you are being charged. Come up with a payment plan that that puts most of your available budget for debt payments towards the highest interest card first while maintaining the minimum payments on your other cards. Once that card is paid off, move on to the next highest and so on.

To re-establish damaged credit you will need to follow some of the same steps previously mentioned. Obtain a copy of your credit report

and clear up any discrepancies. If you have any collection items set up payment arrangements and make sure all accounts are paid.

You can start to rebuild your credit history with a small loan from your credit union. A co-signer may be required. This is a person who is willing to pay for the debt if you do not.

Check with your credit union to see if they offer secured credit cards. For a small refundable deposit, your credit union will issue you a credit line to use to begin to re-build positive information to your credit report.

MY
LIFE

For when you reach your life's milestones