

Establishing a Good Credit History

Building a good credit history is an important part of your future. You'll have an easier time getting credit for the things you want and need by taking steps to build a solid foundation.

While you are in college, a good credit history can make it easier for you to get an apartment, utilities in your own name, or a car. After you graduate, a good credit history can open doors to new homes, new cars and new jobs.

It means you will have an easier time getting credit when you want and need it. Remember, you won't be in college forever. Here are a few steps you can take to establish a credit history that presents you in the best light:

- Open a checking account with overdraft protection. Overdraft protection is a form of credit. If you write a check over your balance, funds are charged against your overdraft to pay the check. Make sure you pay back your overdraft line promptly.
- Set up utilities in your name. Telephone, gas, electric and cable charges are extended to you on a credit basis, and your payment habits are part of your credit history. Paying promptly, and in full, reflects positively on your credit history and may also let you avoid having to put down a deposit the next time you set up utilities. Be careful if you are splitting the costs with a roommate, because if the utility is in your name only, you are still ultimately responsible for the entire bill.
- Use your credit card responsibly. Your card is a great way to make purchases and get cash. When you use it responsibly, you will not only enjoy greater convenience, you will build a solid credit history.

What Your Credit History Says About You

Nothing says more about your personal and financial future than your credit history. Lenders and landlords use it to assess your ability to repay. Potential employers may even take a look at it to find out how you handle your personal financial matters. It does matter. The responsibility you demonstrate by making at least the minimum payment each month, paying on time, and not exceeding your credit limit will play a critical role in determining the amount and type of credit that will be extended to you.

Nothing but the passage of time can reverse a bad credit history that is accurate. And that is time doing without the things you want and need, or paying more for them. That's why it is so important to keep your credit in excellent shape.

Keeping Your Record Clean

Your credit report is compiled by a credit bureau and contains information that lenders need to know about you: your name, address, social security number and employment status. Your credit report contains the number of credit accounts you have, how long you've had them, your credit limit and your balance. If you are late making your payments, it's there. And the fact that you make monthly payments is there, too. This information is reported to the three major credit

bureaus – Experian, Equifax and Trans Union Corporation – by your creditors on a monthly basis.

Generally, the more you pay your bills on time, the less you owe, and the fewer accounts have opened the better your credit status. If your report contains negative information, it will generally stay there for **seven** years. Bankruptcies can stay for ten.

What is a FICO Score?

A FICO (Fair Isaac Corporation) credit score ranges from 300 to 850 and is an indicator of your financial health. Most people score in the 600-700 range. Those above 700 indicate good financial health and can lead to better credit offers, while scores below 600 indicate high risk such that you may be charged a higher interest rate or be rejected.

Check Your Credit Report Periodically

Wouldn't you like to see what your credit report says about you? You can! In fact, it's a good idea to check yours once a year to make sure it's the best reflection of you.

You can call the toll-free numbers below to get a copy of your credit report from the major credit bureaus (some fees may apply). Because your creditors may report to one rather than another (or all three), it is good to check each one.

- **Experian**
 - www.experian.com 888-397-3742
- **Equifax**
 - www.equifax.com 800-685-111
- **TransUnion**
 - www.Transunion.com 800-888-4213

For a free report, go to annualcreditreport.com or call 877-322-8228.