Tips For Building And Managing Credit

1. **Establish a credit history** – it'll start expanding your financial references. Parents can cosign a loan or add their children to other credit accounts to start building credit history.
2. **Always pay as agreed** – late payments may negatively affect your credit score and your future ability to get credit.
3. **Apply for credit wisely** – don't apply for accounts unless you have a specific purpose for doing so.
4. **Time is key** – a good credit history is built over time. Be patient!
5. **Have a plan** – Be accountable and prepare for how you are going to repay your debts.

Monitor your credit annually for free!

Federal law requires each of the three nationwide consumer credit reporting companies - Equifax, Experian and TransUnion - to give you a free credit report every 12 months if you ask for it. You can request one from each of the three credit bureaus every year. Try spreading it out and requesting one every four months.

Use this website to request your free reports.

annualcreditreport.com

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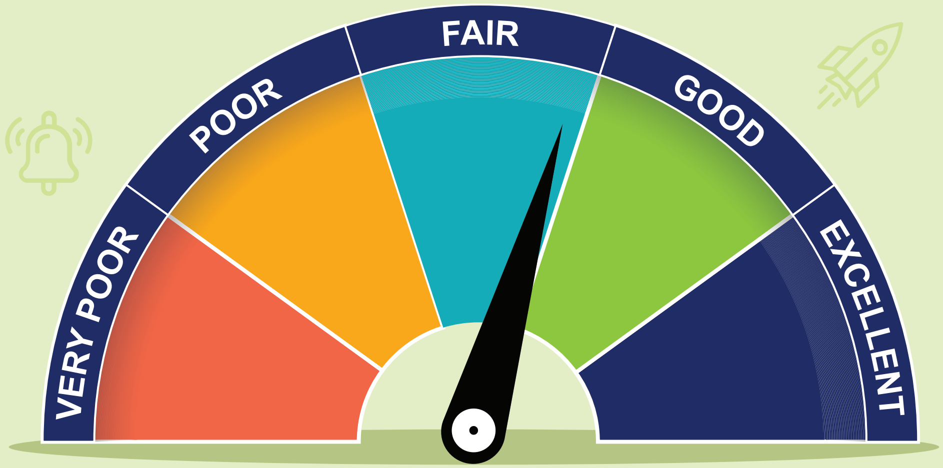
Credit 101

A Student's Guide to Smart Money Management



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What is Credit?

Credit is obtaining goods or services and paying for them, plus any applicable interest charges, at a later date under agreed upon terms. Common types of credit include credit cards, student loans, mortgages and car loans.

Credit is a privilege and has to be built carefully and thoughtfully over time. With proper credit knowledge and demonstrating positive credit behaviors, you will reap the rewards of a good credit history and credit score.

What is a Credit Report?

A credit report, also known as a credit file or credit history, is simply a historical record of all of your credit accounts reported to three national credit bureaus (Experian, Equifax, and TransUnion) by lenders and through public records. Lenders report on your accounts, payment status and details of those accounts.

Your credit report serves as your financial references to companies with whom you want to do business.

What is a "credit score"?

A numerical representation (mathematical algorithm) of your likelihood to repay a loan or credit obligation. It helps lenders measure their risk of lending to you. Actual credit scores are not shown on your credit report, but information on your credit report is used to calculate a credit score. Credit scores have an established range. Below is an example of a typical range.

POOR	FAIR	GOOD	VERY GOOD	EXCEPTIONAL
300 - 579	580 - 669	670 - 739	740 - 799	800 - 850

Your credit score changes all the time — even daily, depending on your activity.

experian.com/blogs/ask-experian/infographic-what-are-the-different-scoring-ranges/

Why is a Credit Report Important?

Lenders use credit reports and credit scores to gauge the likelihood that you will pay back a loan. Reports are also used in other non-lending situations – employment checks, apartment rental applications, utilities, cell phones, etc.

A strong credit history enables you to secure a credit card, home and auto loans and other valuable credit services, and can affect the total amount that you pay for those services - lowering interest rates and utility deposits.

What Factors Make Up a Credit Score?

Credit reporting agencies and creditors use different models to calculate your credit score, so your score will differ between each. Below is an example of how a FICO® score may be calculated.

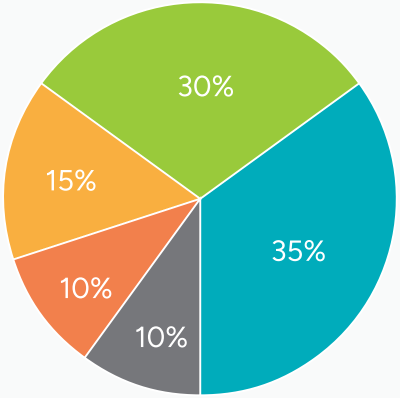
35% PAYMENT HISTORY (do you pay on time?)

30% AMOUNTS OWED (how much do you use of the credit extended to you?)

15% LENGTH OF YOUR CREDIT HISTORY (the longer you have credit, the easier it is for lenders to assess risk)

10% NEW CREDIT (how recently and how often you request credit)

10% CREDIT MIX (what types of credit do you have open?)



The most commonly used credit score is the FICO® score – created by the Fair Isaac Corporation.

experian.com/blogs/ask-experian/credit-education/score-basics/what-affects-your-credit-scores/

Higher score = lower risk

You may get better interest rates based on your credit score, which can translate into thousands of dollars saved over time.