

FINANCIAL WELLNESS

PROTECTING YOUR CREDIT

Your credit history is vital to your future, which is why it is crucial to ensure its accuracy. Any time you apply for a loan or a credit card, your lenders and/or creditors look at your credit history—not only to deny or grant the request, but to determine your interest rate as well. Some employers even conduct credit checks on potential employees to decide if they are appropriate hires. Therefore, regular maintenance of your credit is a must. Follow these guidelines to ensure your credit remains on target.

1. Examine your credit report regularly and know your credit score. You can download a free credit report at www.annualcreditreport.com to look at your history in detail; if you see anything erroneous, notify the bureau and the creditor immediately. To find out your actual credit score, when requesting a credit report, you can also ask for your FICO score for a nominal fee. Anything above 700 is considered good, out of a range of 300-850.
2. When using your debit card, choose “credit.” Some places ask if you are using your debit card as “debit” or “credit.” Either way, it comes directly out of your bank account, but if you select the credit option, you will have more liability protection, since the transaction is processed through the credit card system.
3. Pass up that store credit card. While stores dangle offers such as “10 percent off your first purchase” for opening a line of credit with them, those few dollars you save can translate into points off your credit score. Furthermore, typical annual interest rates can reach 20 percent, which completely counteracts that 10 you just saved.
4. Pay off outstanding debt. As simple as that sounds, missing payments is very damaging to your credit. While massive credit card balances can seem overwhelming, try to pay more than the minimum balance every month—even if just by \$20 or so. Merely paying down your balance will improve your credit score.
5. Ask your credit card company for a higher limit. The key is NOT to spend it! Having a higher limit will lower the size of your debt as a percentage of overall borrowing capacity.
6. Freeze your credit. This prevents identity theft as well as discouraging you from opening any new accounts. You will be able to lift the freeze if you need a loan.

7. Never give out your Social Security Number (SSN). With the exception of your employer and businesses that need to do a credit check, be suspicious of anyone that asks for your SSN—including in an e-mail or over the phone, even if the person says he or she is from a reputable business. Con artists are becoming more sophisticated at polishing their scams, so be diligent. If the request seems legitimate, say that you will call the company back and do so with the phone number you have on file—NOT the one that the solicitor gives to you.
8. Ask your bank to be on alert. Have your bank contact you if there is any suspicious activity on your account—or even a bounced check or negative balance that is your own fault. The earlier problems are noticed, the faster you can take care of them with minimal damage to your reputation.
9. Create complicated passwords and PINs. Devise a combination of letters and numerals if possible. Do not use your maiden name, repeating letters or numbers (i.e., AAA, 111) or consecutive numbers (i.e., 1234). Also, do not use one password for everything – although it makes things easier for you, it also makes it easier for criminals to figure out.
10. Keep a written list of all credit cards that you own, along with their associated phone numbers. If your cards are misplaced or stolen or your home is burglarized, you will need that information in order to cancel the cards immediately.

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