Credit Management: Using Credit Wisely

CREDIT PLAYS AN IMPORTANT ROLE IN MANAGING YOUR MONEY – DO NOT TAKE ON MORE THAN YOU CAN HANDLE.

1. Live within your means
2. Know what you owe
3. Borrow only what you can afford
4. Maintain a good credit rating
5. Check your credit report annually
6. Use credit wisely
7. Recognize the warning signs of financial difficulty
8. Know a scam when you see one
9. Guard against identity theft
10. View bankruptcy as a last resort

PUT TOGETHER A SNAPSHOT OF WHAT YOU OWE

► Student loans + $ _________________

► Other loans
  ▪ Credit card balance(s) + $ _________________
  ▪ Automobile loan + $ _________________
  ▪ Mortgage loan or rent + $ _________________

► Other Money Owed
  ▪ Utilities, cable, internet + $ _________________
  ▪ Phone + $ _________________

► TOTAL $ _________________
YOU HAVE ONE OR MORE CREDIT CARDS – NOW WHAT?

► Pay the highest-interest-rate card first
► Pay your bill as early as possible
► Pay more than the minimum whenever you can and aim to pay your bill in full every month to avoid interest rate charges
► Try to negotiate a better rate (a possibility if you make payments on time)
► Never be late for a payment or miss one entirely
► Keep a list of your credit card numbers in a safe place, in case your cards are lost or stolen
► Keep copies of sales slips and compare them to charges on your bill

FINANCIAL PROBLEMS, ONCE STARTED, TEND TO GET WORSE IF THEY ARE LEFT UNRESOLVED

► Some warning signs of financial problems:
  ▪ You have to wait for your paycheck or other income to pay bills
  ▪ Your credit cards are charged up to the maximum
  ▪ The amount you owe gets bigger every month
  ▪ You bounce checks
  ▪ You've received letters or calls from creditors

► Actions you can take:
  ▪ Review your spending plan/budget
  ▪ Ask for assistance from parents or mentor
  ▪ Consider credit counseling

BANKRUPTCY IS FILED BY PEOPLE WHO ARE UNABLE TO PAY THEIR DEBTS

► Bankruptcy allows the court to "erase" your bills and allows you to start over
► Bankruptcy filings stay on your credit report for many years
► Bankruptcy courts are reluctant to discharge student loans
► Should only be used as an absolute last resort