



Credit Do's and Don'ts

Credit is a convenient financial tool. If you use credit, it is critical to understand how it works and know the reality and responsibility of repaying your debt.

DO

- ▶ **DO shop around.** If you get a solicitation in the mail, on campus, on the Internet or at the local bank, compare rates and fees. The credit card industry is very competitive so interest rates, credit limits, grace periods, annual fees, terms and conditions vary.
- ▶ **DO use the same name when you apply for credit.** Don't leave out middle initials or "Jr."
- ▶ **DO read the fine print on the credit application.** The application is a contract, so read it thoroughly before signing. Watch for terms such as "introductory rate" and periods that expire.
- ▶ **DO ask questions.** You are the customer and the bank is providing a service. If you don't understand something, ask.
- ▶ **DO set a budget and stick to it.** Developing a budget will help you keep your finances in order.
- ▶ **DO be wary of anyone who claims they can "fix" your credit.** The only thing that can fix a credit report is time, and a positive payment history.
- ▶ **DO open your bill and pay it on time every month.** This helps protect you from identity theft and unauthorized charges.
- ▶ **Do pay at least the minimum due.** Paying above the minimum due is even better.
- ▶ **DO contact your credit card issuer if you have trouble making payments.** This issuer may work with you to create a payment plan you can manage.
- ▶ **DO be careful with your credit card.** Keep it secure. Always have your bank's phone number available in case your card is lost or stolen.
- ▶ **DO view credit as an investment in your future.** By using credit wisely, you can build a good credit history. This allows you to rent an apartment, get a job, purchase a car and buy a home.
- ▶ **DO order a copy of your credit report annually.** Your credit report is like an academic report card -- it evaluates your performance as a credit customer. It needs to be accurate so you can apply for other loans such as a car or a condo.
- ▶ **DO close out credit accounts you don't use.**

DON'T

- ▶ **DON'T feel pressure to get a credit card if you don't want one.** A credit card may not be right for you. Don't be afraid to say "no" to salespeople. It's ok to walk away.
- ▶ **DON'T open many credit accounts in a short period of time.**
- ▶ **DON'T pay your bills late.** Late payments can hurt your credit rating.
- ▶ **DON'T spend more than you can afford.** A credit card is not magic money; it's a loan with an obligation to repay. Realize the difference between needs and wants. Do you really need that CD or pizza? If you charge these items and only pay the minimum, you could be paying for those items months from now.
- ▶ **DON'T reach your credit limit or "max out" your cards.**
- ▶ **DON'T apply for more credit cards** if you already have balances on others.
- ▶ **DON'T ignore the warning signs of credit trouble.** If you pay only the minimum balance, pay late or use cash-advances to pay daily living expenses, you might be in the "credit" danger zone.
- ▶ **DON'T give out your credit card number** unless you've initiated the transaction. Be alert to identity thieves and scam artists.