



## 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 UNSOLVED

- ▶ **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**