



# GRADS, TAKE CREDIT WHERE CREDIT IS DUE!

**Congratulations!** You've accomplished your goal of graduating college. Now you're entering the "real world." But even though you've completed your degree, it's important to never stop learning. One topic you may need to school-up on is personal finance. Do you know how to manage your debt and finances? Do you know how credit scores really work? Have you ever checked your own credit report? Let Experian® help you better understand how credit works and offer ways to help you manage your cash flow.

## Where to start?



### Make a budget – and stick to it

If you want to keep your spending under control, especially in the early stages of your career, it's essential to make a budget and to stay within it. Determine your income, calculate your expenses and record your spending. Sticking to a strict budget will help you avoid splurging and over-spending.



### Pay bills on time – no excuses!

Paying your bills on time is the single most important factor that affects your credit. Sign up for auto-pay for regularly recurring bills like your utilities and car loan. You can also use financial software with automatic bill paying reminders.



### Start saving – it's never too soon to start

Even though your income may not be that high when you're first starting out, put aside a little savings each month. Treat putting money aside for savings like a regular bill. Not only will this discipline pay off later as your salary increases, you'll be equipped with an emergency fund if you really need it.



### Manage debt – don't take on more than you can afford

Opening up a new credit card can definitely be tempting, especially when you're strapped for cash. But be careful. Those credit card balances can weigh down more than your wallet. They can drag down your credit score as well. Don't apply for more credit than you can afford and keep up with your payments, each and every month.

# Monitoring your finances

Today, more than ever, it's easy to monitor your financial accounts anywhere and anytime from your computer or mobile devices by setting up online accounts for banking and your credit cards. You can also use free mobile apps such as Mint ([Mint.com](https://www.mint.com)) or invest in a paid membership to Experian Credit Tracker<sup>SM</sup> ([Experian.com](https://www.experian.com)). A product like Experian Credit Tracker will provide you with ongoing access to your credit score and credit report as well as credit monitoring, which alerts you if there are any changes (such as a new account) to your credit report. This way you can ensure all of the information is accurate about you and your accounts, which is an important habit to get into so that you have the ability to open lines of credit if you need it.



## Review what you are spending vs. saving

If you have a habit of overspending or impulse buying you probably already know it. So create an income statement so you can keep track of your spending in addition to what you're saving. Keeping a record of what you save versus what you spend will help you stay on target and develop better habits.

## Make sure you have enough money in your checking account to cover payments whether with a check or debit card

Nobody likes getting hit with those nasty bank overdraft fees. It's essentially like throwing money away. Keep an eye on your checking account and make sure there's enough to cover any outstanding payments. And be sure you have your checkbook or debit card handy to cover any unexpected costs.

## Check for possible fraudulent activity such as someone using your debit card for purchases, which is a sign of identity theft

Identity theft strikes someone in the U.S. every two seconds. Keep an eye on your checking account to look for unfamiliar transactions that could be fraudulent activity. Also, monitoring your credit is one of the best ways to catch red flags that could be early signs of identity theft, like new accounts you don't recognize opened in your name.

## Where can you find more information about credit and personal finance?

There are many resources available so it's just about making the time and effort to seek it out. Here is a short list but there are many more resources you can access:

### Credit Bureaus:

- ▶ [Experian.com](https://www.experian.com)
- ▶ [Transunion.com](https://www.transunion.com)
- ▶ [Equifax.com](https://www.equifax.com)

### Popular Blogs:

- ▶ [Experian.com/education](https://www.experian.com/education)
- ▶ [Makingsenseofcents.com](https://www.makingsenseofcents.com)
- ▶ [Frugalbeautiful.com/blog](https://www.frugalbeautiful.com/blog)
- ▶ [Youngfinances.com](https://www.youngfinances.com)
- ▶ [Lifeandmyfinances.com](https://www.lifeandmyfinances.com)

### Media:

- ▶ Jean Chatzky [jeanchatzky.com](https://www.jeanchatzky.com)
- ▶ Suze Orman [suzeorman.com](https://www.suzeorman.com)
- ▶ Clark Howard [clarkhoward.com](https://www.clarkhoward.com)
- ▶ Jason Zweig [jasonzweig.com](https://www.jasonzweig.com)
- ▶ Liz Weston [asklistweston.com](https://www.asklistweston.com)

# Credit Q & A

## Credit Bureaus

### What is a credit bureau?

A credit bureau is an agency that collects and maintains information from credit grantors regarding individuals' credit applications and behavior. This information is available to lenders when considering a loan application and to consumers themselves.

### What purpose do they serve?

Credit bureaus provide lenders with the information they need to make sound decisions on loan applications. This allows lenders to see if individuals are responsible with their credit. They also provide consumers with access to their own credit information.

### What information do they have?

The bureaus maintain and manage credit-related information reported to them by lenders, banks and other credit grantors. This includes individuals' personal information (names, addresses, dates of birth and employment information) as well as their credit history – from their individual accounts to their payment history, public records and amount of overall debt.

## Credit Scores & Credit Reports

### What is a credit report?

Your credit report contains information used by lenders to assess your risk as a borrower. This includes how often you make your payments on time, how much credit you have, and whether you have any debt in collections. Lenders use your credit report to determine whether to grant you a loan and the terms you receive, such as your interest rate.

### What is a credit score?

Your credit score is a three-digit number derived from information in your credit report. Each lender sets its own standard for what constitutes a good score. But in general credit scores fall along the following categories: 300-629: Bad Credit, 630-689: Fair Credit, 690-719: Good Credit, 720 and up: Excellent Credit.

### Where can you see your credit score and credit report?

Under federal law you are entitled to a copy of your credit report from all three major credit reporting agencies once every three months at [AnnualCreditReport.com](http://AnnualCreditReport.com). With membership in Experian Credit Tracker<sup>SM</sup>, you can access your credit information whenever you like, along with a host of features to help you stay informed about your credit.

## Score Spotlight

# FICO<sup>®</sup> SCORE

There are many different kinds of credit scores. We'll explain the FICO<sup>®</sup> Score.

FICO Scores are developed by the Fair Isaac Corporation as a measure of your creditworthiness and are considered by many lenders when they consult a scoring model to make their credit decisions. **FICO Scores are used in 90 percent of credit decisions, so they're a likely indicator of how your credit may look when it's reviewed by a lender or other party.** Your FICO Score, powered by Experian data, can range from 300 to 850 and can influence what credit is available to you, how much interest you'll pay and even things such as your utilities and mobile phone options.



## Congratulations again on completing your degree!