

Credit, Schmedit!

I once heard a friend of mine say, “Why does credit matter anyway? So what, I got turned over to a collection agency? It is just a matter of who I’m writing my check to, right?” After I forced myself to breathe again, I tried to explain why good credit is so valuable to his future. And just in case no one has reminded you of the value of your good credit recently, allow me...

In 7 Years, I’ll be How Old?!

Negative credit stays on your credit report for up to seven years. If you declare bankruptcy it is ten years. How old are you today? Now, add seven years. I’ll be 30 in seven years. I don’t want to be paying for today’s mistakes when I’m 30, do you? Probably not.

What’s on my Credit Report?

Your credit report contains a lot of information, such as demographic information or any account that you have your name on. This means any utilities, your cell phone, student loans, credit cards, car payments, and even insurance policies. Any bill that you have consistently paid on time will affect your credit positively. Conversely, anything you have paid late or have any missed payments could seriously harm your credit.

What’s my Score?

Depending on which of the three major credit bureaus you check, your credit score varies. Typically, credit is scored on a scale of 0 to 850 and the higher the score the better. Did you know that prospective employers can check your credit? They see it as an indicator of your level of responsibility. The credit bureaus also take into account the amount of credit that is available to you. If you make \$20,000/year, but could charge \$50,000 a year, that may report negatively on your credit. That means that letting your credit card companies up your limit periodically is not always a good thing. It’s probably wise to decide how much credit you really need and set that as your limit.

For More Information...

Credit is a broad topic and is not easily addressed in generalities. If you have questions about how to improve your credit or need resources for a paper or presentation, please contact me. I would be glad to help and have flyers and brochures on several different topics. Credit doesn’t have to be complicated. The long and short of it is:

Pay your bills on time, every time, and you will accumulate good credit. Don’t and you won’t.

Credit is one area where the decisions you make today will affect you for a long time. So, make good decisions regarding your credit and may your credit score shine!

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