



important facts about credit because we care



CREDIT-ED

Everything you need to know
about credit management!

Keeping Your Credit Score Intact During the Holidays Brought to you by

The holidays are upon us and the hustle and bustle of the season is now in full frenzy. I love the holidays. It's hard not to feel like a child again with all the twinkle and allure that makes December just a magical month.

The warm sentiment of giving to those we love over the holidays generally makes shopping, and lots of it -an essential part of the season. Retailers spend all year coming up with ways to lure us into their shops. But we need to be careful, because some of the strategies they use to entice us can do serious damage to our credit scores that can take quite a long time to undo.

The next four weeks will come and go in a flurry. I encourage you to be extra careful this holiday season to ensure a graceful entry into the New Year and a credit score that will enable you to save big money on big items in the months ahead.

HERE ARE THE FIVE WAYS YOU CAN PROTECT YOUR CREDIT SCORE THIS HOLIDAY SEASON:

1. **Avoid Department Store Offers for Instant Credit and Don't Open Up New Lines of Credit**

Department stores are famous for offering deals for new credit applicants. "Save 15% on all of your one-day purchases just for applying for our store card." The damage to your score you incur by opening up a new line of credit is just not worth the few dollars you might save. Department store credit is poor quality credit and the credit scoring system frowns on it. Just don't apply for the card. You may want or need to apply for a new car loan, a new home loan, a re-finance or a home equity line. By applying for store credit to save a couple of dollars, you could be hurting your chance to get an important loan at a good rate until as far out as July of next year.

2. **Avoid Overspending**

Spending affects credit. 30% of your credit score is made up of how you manage your debt, and when your credit card balances exceed 30% of their available limit, the credit scoring system red flags you and your score goes down instantly. The logic behind this is that if you suddenly max out your credit cards, it looks to the system as though you are in financial trouble. Only charge if you can pay the balance in full before the next statement date. Plus, overspending and overcharging will also cause you to carry larger balances longer. It is best to keep your balances low at all times.

3. **Pay Your Bills On Time**

Payment history is 35% of your credit score. One 30-day late can cost you 50 POINTS or more. December is traditionally the busiest time of the year. Active calendars filled with work and social commitments for family and friends and the frenzy of the season can preoccupy you and cause you to be late in paying your bills. Make staying on top of your bills a priority. Put all of your bills in a file and make sure you pay them on time. In doing so, you will save points on your credit score and ridiculous late charges of \$30 or more. Additionally, when you are late in paying your bills, you nullify any preferential finance rate and your account will default to a dramatically higher interest rate. A ding to your credit score, a high late fee and a huge increase in interest rates are all big incentives to make sure you are on time with your bills.

4. **Take the Time to Plan and Prepare**

We all do it. We walk into a store ready to buy a specific item and end up getting lured into a spending vortex. Panic spending because the store does not have the item you went in to buy;