

CREDIT

The Good, The Bad, and The Ugly

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Good Credit

- Convenient
- To establish good credit:
 - Purchase something you can afford
 - Make 6 payments
 - Use that credit to apply for a card
- Credit unions
- Investments

Credit is good!

- Borrow at low interest rates
- Purchase bigger items
- More flexibility
- Pay off New credit cards
- Keep 1-3 cards that you can afford to pay off
- Credit must be paid back with interest
 - Depends on the lender
 - Depends on the interest rate
 - Depends on your credit history





When Credit Is Bad

- **Credit cards cause problems for most people more often than they provide benefits**
- Excess consumer debt
 - 10+ maxed out cards
 - High interest rates
- Minimum payments
- Membership fees?
- Simply bonus money?
 - Allocate existing funds for every credit card purchase you make
 - Pay off principal balance at first of the month

Ugly Credit

- Considering bankruptcy
 - Chapter 7
 - Chapter 13
 - Student Loans
- 10 years on credit record
- Not a good thing
- Always subject to denial or high interest rates

How to Deal with Credit Cards

- **Rule #1 – Never use credit cards as extra money.**
Always allocate money from your current funds or monthly income in order to pay whatever you finance off immediately.
- **Rule #2 – Read the fine print.** Too many people simply accept the offers sent to them in the mail without reading the details of the interest rate and credit terms. While it may seem insignificant on first look over time it can create a negative financial situation for you very easily. Read the print and make sure you get the best terms available.

Credit Cards

- Use Responsibly
- Enjoy good credit!

