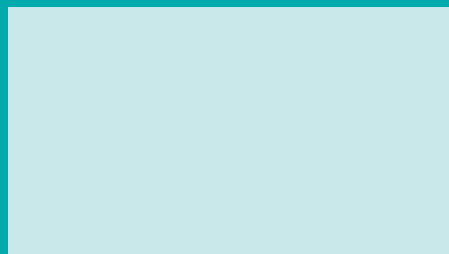




VALUING PEOPLE. VALUING MONEY.
MANAGING IN TOUGH TIMES INITIATIVE



VOLUME 7 ISSUE 11

THIS MONTH'S TOPIC:

MAINTAINING A GOOD CREDIT SCORE: WHY IT MATTERS

As a consumer, you have heard it said time and time again – it is important to have a good credit score. Have you ever wondered what a good credit score can do for you? There are many advantages to achieving and maintaining a good credit score, many of which can save you significant amounts of money now and years down the road.

- **Lower interest rates.** Interest rates or the amount of money charged for taking out a loan, are often significantly lower for consumers who have good credit scores. Consumers with high credit scores have proven they can properly manage credit. Therefore, potential lenders consider individuals with higher credit scores as debtors who are most likely to be able to repay a loan on time and in full, which allows for lower interest rates.
- **Approval for higher credit limits.** Financial institutions are willing to lend more money to consumers with a good credit score. If you have a good credit score, do not hesitate to use your

score as leverage when negotiating both the amount and interest rate of a loan. Your credit score is a strong testament of your ability to pay back the loan on time and in full. Additionally, consumers with higher credit scores are eligible for higher credit card limits which allow for greater purchasing power.





- **Mortgages.** Consumers with good credit scores are offered the lowest available mortgage rates. If you are already a homeowner and your mortgage rate is significantly higher than the low rates currently offered, you may consider refinancing your home. This is particularly true for homeowners who have significantly improved their credit score since applying for their mortgage. However, anyone interested in refinancing their home should be aware of the associated fees to determine if refinancing is the right option.
- **Rent.** If you are a renter, a good credit score is very important for obtaining approval from a landlord. Landlords commonly rely on credit scores to determine if they will rent to a tenant. Your credit score is a good indication of how likely it is that you will pay your rent on time. If your credit score is lower and you are approved, your landlord may charge you a higher security deposit.
- **Utilities.** Before accepting you as a customer, many utility companies run a credit report to determine your payment history. If your credit score is low, you will most likely be charged a higher security deposit or you will be required to obtain a “letter of guarantee” in which a friend or family member agrees to pay your bill in the event that you fail to do so.

- **Better insurance rates.** Insurance companies may use something called a credit-based insurance score when determining rates for policies. This score is based on your credit score and indicates how likely you are to file a claim. In short, consumers with a higher credit score are considered less likely to file a claim and are often offered the best rates on home and auto policies.
- **Employment.** Many employers have started checking potential employees’ credit history prior to making a hiring decision. Many of the same responsible behaviors that result in a strong credit history and score are the same type of responsible behaviors that employers are seeking. Additionally, individuals with high credit scores are more likely to be focused at work because they are less likely to be preoccupied with money worries from home.

Achieving and maintaining a good credit score will provide you with a number of perks. Be sure to maintain your credit score by paying bills on time, keeping your credit card balance low, and applying for new credit cards cautiously. Remember to use your credit score to your advantage. You will be surprised at how much leverage you have!

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