

Use Credit Wisely

BANK OF AMERICA CONSUMER TOOLKIT

KNOWLEDGE

A recent amendment to the federal Fair Credit Reporting Act (FCRA) requires each of the nationwide consumer reporting companies to provide you with a free copy of your credit report, at your request, once every 12 months. Please visit www.annualcreditreport.com for more details.

CREDIT TIPS

In order to buy a home, get a loan, deal with emergencies, shop online, or do most traveling, you must have a credit card. By using credit wisely, you can make the most of having it and limit the risks. Having good credit makes accomplishing your financial and personal goals much easier. You'll be free to pursue short-term plans while saving for the future!

Using credit wisely will help you:

- Build wealth instead of pay debts
- Get better loan terms
- Enjoy financial freedom
- Plan a successful future

Knowing your credit history is essential. Your credit report documents your financial behavior: how much credit you have, how long you've had it, and how well you have handled it. If you identify any problems, you will be able to take action to improve your score.

Understanding the terms and policies of your creditors is critical in building and maintaining a strong credit history. Knowing the interest rate, grace period, and fee policies on each account is the first step in preventing problems. A record of paying bills on time is a primary factor in demonstrating good credit management.

Inspect your credit report once a year to ensure all of the information is accurate. If you identify any errors, work directly with creditors and provide supporting documentation to have them corrected.

With a credit card, you can buy things right away, even if you don't have the money, and repay the amount you spend—usually with interest—over time. This makes credit cards a good way to deal with unexpected expenses, but beware of impulse buying.

Credit cards are a convenient way to shop: you don't have to carry cash, it's easier than writing checks, and it helps consolidate your spending into one payment. But if you pay only the minimum due each month, interest charges can add up fast. Make a plan to repay balances quickly, and keep in mind that debt should never exceed 20% of your income. Knowing your limit and understanding what you can afford is the key to using credit wisely.