

Financial TIPS

Good Credit vs. Bad Credit

Getting Good Credit

To get good credit, you have to have credit. Good credit ratings are gained when you borrow money and pay it back on time and for the full amount. Let's say you have a credit card from a gas station that you use only for gas because you don't carry a lot of cash around. Each time you go to the station, you use your card to fill up your car. In doing so, you are promising to pay the credit card company back when you get the bill. When the bill arrives, you pay off the amount owed on time. The gas company that issued your card then reports to a credit bureau that you have paid on time and for the right amount. The more good reports that go to the credit bureau, the better your credit.

Benefits of Good Credit

Having a good credit report may enable you to borrow money at better interest rates. Why? Because the banks know that based on your credit history you are a responsible person. Many potential employers also look at credit reports as a way to judge a person's character. Hence, your good credit may even help you land a new job.

Loans: Why You May Use One

For Example – Truck Loan

2005 Chevrolet Silverado 1500

Loan Amount	\$16,200
Interest Rate	6.99%
Length of Time	48 months (4 years)
Monthly Payment	\$387.85

2012 Chevrolet Silverado 2500HD

Loan Amount	\$35,000
Interest Rate	3.74%
Length of Time	60 months (5 years)
Monthly Payment	\$640.47