



The Credit Report: Your Financial Résumé

It's common for a company to check the references you provide when applying for a job. But did you expect them to check your credit report?

A credit report is essentially a file on you, your accounts and your payment history. Typically, the collection of data begins when you first apply for a credit card, a loan, insurance, a lease, or a job. Credit-reporting agencies—the most common type being the credit bureau—gather and sell this information.

It's important to establish and maintain good credit because:

- A credit report is a record of where you work and live, how you pay your bills and whether you've been sued, arrested or have filed for bankruptcy.
- Employers can legally look at your credit report if you sign an authorization form when you apply for the job. Employers look at your credit record to gauge your personal integrity and financial honesty. You can refuse to sign the form, but consequently, a company may assume that you have something to hide. This means your application and chance of employment there could end up in the garbage.
- Banks, insurance companies and landlords look at your credit report for similar reasons. Just as financial creditors are looking at your ability to repay debt, your landlord is trying to assess if you'll be a good tenant.

Establishing a good credit history:

The first step is to get some experience repaying money. Repaying your debt on time is the basis for a good credit rating and a positive credit report. Here's how to get started on the right track:

- Open a saving or a checking account at a bank.
- Apply for a credit card. There are many types of credit cards including bank credit cards (also called general use cards), retail store cards, gasoline or Oil Company cards (also known as private-label cards) and prepaid card options. Retail store and gas cards may be easier to obtain than bank credit cards, and they can be a good way to get started.
- Apply for a secured credit card. Some bank card issuers offer this option. A secured credit card requires some form of collateral. You may be required to maintain a savings account with a balance that equals or exceeds the credit limit on the card, at the bank that issues you a card. Details vary so check with your local bank.
- Apply for a co-signed loan. If you need a loan and don't qualify for one on your own, a co-signed loan may be the answer. In this way, a relative with an established credit rating can help you get a loan and share the responsibility. Many young people finance new or used cars with co-signed loans.