



### Getting a Copy of Your Credit Report

If you want to get a copy of your credit report, the following services are free if you live in certain states or are within 60 days of being denied credit, employment, insurance or home rental. Otherwise it can cost \$8 or more per report.

- Equifax .....(800) 685-1111  
or online at [www.equifax.com](http://www.equifax.com)
- Experian .....(800) 397-3742  
or online at [www.experian.com](http://www.experian.com)
- Transunion .....(800) 888-4213  
or online at [www.transunion.com](http://www.transunion.com)

### Dos and Don'ts of Plastic

Here are some simple rules that will keep credit under control:

- Do pay your bills on time every month
- Do avoid late fees
- Do monitor your spending
- Do request that the company reports that the decision to close an account was made by the customer
- Don't withdraw cash from your credit card because the interest rates are higher
- Don't issue a card in someone else's name
- Don't apply to every credit card offer you receive
- Don't have more than two or three credit cards
- Don't give your credit card number over the phone

Did you know? Credit Card companies target college students. The average student under 21 has from \$3,000 to \$7,000 in credit card debt.

For in-depth information, contact The Children's Aid Society at (212) 358-8930 to get a complete set of KNOW YOUR RIGHTS brochures and other legal advocacy publications in both English and Spanish. You may also log onto [www.childrensaidsociety.org](http://www.childrensaidsociety.org).



For over 150 years, The Children's Aid Society has been assisting New York City's children and their families without regard to race, religion, nationality or socio-economic status. Children's Aid helps children in every aspect of their lives from infancy through adolescence, providing guidance and resources to ensure a child's current well-being and future potential. With over 100 programs and 40 locations in New York that touch the lives of more than 150,000 children every year, Children's Aid is one of the country's largest and most innovative child and family social service agencies.

[www.childrensaidsociety.org](http://www.childrensaidsociety.org)

THE CHILDREN'S AID SOCIETY  
KNOW YOUR RIGHTS

# understanding your credit history



Credit is an agreement by which an individual is allowed to borrow money, goods, or services with the promise to repay in full with interest.



Most people use credit as a common part of financial life. While there are advantages to using credit as a convenient source of funds, excessive credit use can be a disadvantage and cause chaos on an otherwise strong financial plan. It's critical to understand how credit works and the importance of building these obligations into your personal budget.

Borrowing money can be a difficult process with hidden fees and expenses. Charges to credit card holders may include annual fees, cash advance fees, penalties for exceeding your credit limit, late fees if you pay less than the required minimum, card issuance fees for more than one card per account, and over credit-limit fees.

Credit cards are popular because they give you the flexibility of either paying your bills each month or extending your payment by rotating the balance. You can choose to pay the minimum amount due or, any dollar amount over the required minimum, which makes it easy to manage your expenses from month to month.

### Forms of Credit

- Loans issued by banks and financial institutions
- Service Credit issued by utility companies as well as department stores
- Credit Cards issued by banks and stores

### Advantages of Credit

- Immediate use of merchandise and services
- Secure, convenient alternative to carrying cash
- Good way to build a good financial character

### Interest Rates and Charges

Interest is a percentage of the amount you have borrowed and varies according to the lender. Every credit card has an APR (Annual Percentage Rate). Divide the APR by 12 and this is the proportion of interest you will have to pay monthly depending on how much you owe the credit card company.

If your payment is sent after the due date, you will be charged a late fee ranging from \$25–\$30 and your credit card activity will be reported on your credit report.

### Over-Extended or Out-of-Control Credit

If charging has gotten out of control, there are several options available.

- Stop using your cards, cut them up.
- Only pay for things with cash or checks.
- Pay off the cards with the highest interest first.
- Consolidate your bills by consulting a nonprofit credit counseling organization. Choose only companies that are members of the National Foundation for Consumer Credit. A list is available by calling (800) 388-2227 or on line at [www.nfcc.org](http://www.nfcc.org).
- File for bankruptcy.



### Bankruptcy

Bankruptcy is the alternative few people want to face, but this legal process allows a person with overwhelming financial difficulties to clear their debts and make a fresh start. You must have an attorney to file for bankruptcy. This option is not available for persons who intentionally or recklessly set out to defraud their creditors.

### Facts You Should Know About Credit

The bank or store is letting you *borrow* money. Every credit card has a credit limit. Most cards let you carry balances over from month to month. But if you cannot pay the amount in full beginning with the first time you receive the statement, you will have to pay interest on that money. Any negative information about your credit history will remain in your report from 7 to 10 years.