

PUT YOUR CREDIT RESOLUTIONS IN MOTION FOR THE NEW YEAR

One way to cut the sting of the post-holiday credit card bills is to set a new agenda when it comes to credit. So consider the following ideas when setting your credit resolutions for 2007:

Set dates for getting your credit reports: Each year, you should check each of your credit reports from annualcreditreport.com directly. You should spread out your requests, making requests quarterly so you can catch errors that might come up at different parts of the year and spot identity theft.

Get your credit score once a year: A credit score is a three-digit number that reflects the credit history detailed by a person's credit report. Go to www.myfico.com to retrieve your credit score once a year from one or all of the three credit bureaus.

Lock up cards; don't cancel them: Do whatever it takes to limit the use of credit cards in your life, but don't cancel credit card accounts once they're paid off. Why? Because your credit score relies on the number of credit lines you have open and in good standing and the length of time they're open. Lenders want to see a long record of credit management, and longtime accounts that you haven't touched in years may actually help your score because it shows you have some restraint. Remember to use them once a year and pay the full amount off immediately, to keep credit cards active.

Pay on time: Nothing damages your credit standing faster than late payments, particularly on big loans like mortgages and car payments. Get current and then resolve to pay in advance of the due date. A suggestion: once you get a bill, immediately look for the due date. Then make a note to yourself on a calendar 5-7 days before the due date to put a check in the mail so you're on time. You can also secure electronic payment options so you can pay closer to the due date or automatically.

Monitor credit problems: If you've filed bankruptcy or had a debt put in collection, it takes years to remove those events from your credit record. Determine the month that data should leave your report and make sure you follow up to make sure that removal happens.

Choreograph your payments: If you have multiple balances you need to eliminate, schedule a payment order right now starting with the highest-rate balances first.

Keep your balances low: If you carry balances over 50 percent of your credit limit on any account, it might lower your credit score. To remedy this, use several cards to spread out the balance – and pay them off – or ask the creditor to raise the limit on the card.

Limit your credit inquiries: The next time you go to a department store, you might be offered a chance to save 10-15 percent on a purchase if you agree to apply for their store card. At the same time, you'll probably continue to get plenty of credit offers in the mail. Shred all direct mail credit solicitations the moment you get them, and as for in-person credit offers, just say no.

Research big loans in advance: Always ask a potential lender which credit bureau they use to make their decisions. Auto, mortgage and other lenders may prefer one credit bureau over another, and if you plan well ahead of your purchase, you should aim to correct errors in your credit report and try to get your credit score as high as you can.

Track your spending: If you've never made a concerted attempt to track your spending – all your spending, not just what you've put on credit cards – do so this year. If you have a computer, buy a financial management program that makes it easy for you to download your banking and investment accounts, any remaining credit accounts and record all your cash expenditures down to the last pack of gum.

Go debit: Banks increasingly offer debit cards that double as ATM cards and carry a credit card brand that allow them to be used in many business establishments. The key is to put a spending limit on the debit card equal to the cash you have in the account linked to it. Responsible use of today's debit cards can wean you off of credit cards entirely.

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