

# Establishing Positive Credit: It's Easier Than You Think!



*Talking about credit can be intimidating. To young adults and recent graduates of high school and college, credit can be a particularly scary subject. But don't worry, establishing positive credit is easy with these 8 tips!*

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## Give Credit some Credit

It is spring, the school year is winding down and many are looking forward to graduation. Newly graduated high school and college students may be looking to secure rental housing or to make a major purchase such as buying a car.

Big transactions like these often depend on having a suitable credit history, something that many graduates may not have established. But don't worry! Here are some tips for establishing a positive credit history:

**1. Order your credit report to find out what kind of credit history you already have.** You can access your free credit report from all three major credit reporting agencies at [www.annualcreditreport.com](http://www.annualcreditreport.com).

**2. Correct errors on your credit report.** Make sure all of the information on the report is accurate. If you find errors on your credit report, contact the credit reporting agency that the report is from and file a dispute.

**3. Get a secured credit card.** If you are unable to obtain new credit because of poor credit history or lack of a credit history, you can obtain a secured credit card. When you open a secured credit card you will provide collateral in the form of a cash deposit equivalent to the line of credit that is being issued.

**4. Make regular, on-time payments with your existing accounts including utilities and rent.** Utility companies and landlords don't typically report information to credit bureaus, but delinquent accounts that are transferred to a collection agency will show up on your credit report as a negative item.

**5. Establish a non-traditional credit history.** Building a credit history takes time. In the meantime, try showing a non-traditional credit history with statements from companies that you have made regular payments to. These might include a cell phone company or a bank that you have made regular savings account deposits to.

**6. Limit the number of credit card accounts that you have open.** When department stores offer a discount for opening their card, truly consider how often you shop at that store and whether the card will benefit you. Having too many open accounts can negatively affect your credit history.

**7. Keep your credit card balances down.** Balances should be no more than 30 percent of the available line of credit. For example, a credit card with a credit line of \$1,000 should

only maintain a balance of \$300 or less.

**8. Choose a credit card and stick with it.** The longer your history with a particular company, the better your credit report will be.

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This article was written by Stacy Abbott.

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