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## **Budgeting and Savings**

## Clothing and Footwear Savings

- Don't purchase new "back-to-school" clothes and footwear in August, wait a few months and grab sale prices.
- Try not to purchase anything that requires dry cleaning.
- Visit the famous makers' outlet stores - outlet malls are cropping up everywhere.
- Share with and borrow from friends, roommates, or family - especially rarely worn clothing such as formal wear for special events.

## Avoiding Credit Card Debt

### Strategies for Obtaining a Credit Card

You have two primary concerns:

1. **Lowest fixed interest rate.** After a few months, a low *introductory interest rate* is usually replaced by a higher fixed interest rate.
2. **No annual fees.** Don't apply for a card that makes you pay a yearly annual fee (anywhere from \$20 to \$100).
  - Be wary of offers for point accumulation toward product discounts. Will you feel pressured to make unnecessary purchases just to accumulate points?
  - Don't open a credit card account to get a gift or discount on your first purchase, believing you will cancel the card when the rates go up.
  - Compare card offers. Visit: [www.cardweb.com](http://www.cardweb.com) and [www.bankrate.com](http://www.bankrate.com).

### Using Credit Wisely

- Only ONE credit card is necessary to cover emergencies and to establish credit.
- **Pay on time!** Late payments will negatively affect your credit history.
- **Pay on time!** Just one late payment may cause your interest rate to be increased.
- **Pay on time!** Penalty fees for late payments can add as much as \$20 (or more!) to your monthly bills.
- Pay off purchases in 1 or 2 payments.
- Cash advances are usually charged interest at a higher rate than purchases and often an additional transaction fee is charged.

### What is a Credit Report?

A credit report provides a history of your credit use to current and prospective lenders. It allows lenders to assess the risk of extending credit or lending money to you. It is used for all forms of credit, including private student loans, apartment rental, car purchases, credit cards, etc.

### What is a Credit Score?

Your credit score is a summary of credit report information represented as single number, based on a mathematical calculation. It predicts future payment performance (risk to a lender). FICO (Fair, Isaac & Co.) is the most common score type. FICO scores range from 300 to 850, the higher the better. Scores are *fluid*, they are recalculated with each inquiry.

### Check Your Credit Report

Visit [www.annualcreditreport.com](http://www.annualcreditreport.com) for a free annual credit report (sponsored by Equifax, Experian and TransUnion)

### Where to Go for Credit Help

Avoid credit "repair" services that charge a fee and guarantee "fixing" a poor credit record.

- American Consumer Credit Counseling: [www.consumercredit.com](http://www.consumercredit.com) or 800-769-3571
- National Foundation for Credit Counseling: [www.nfcc.org](http://www.nfcc.org) or 800-388-2227
- Myvesta: [www.myvesta.org](http://www.myvesta.org) or 800-698-3782