

QUICK REFERENCE GUIDE



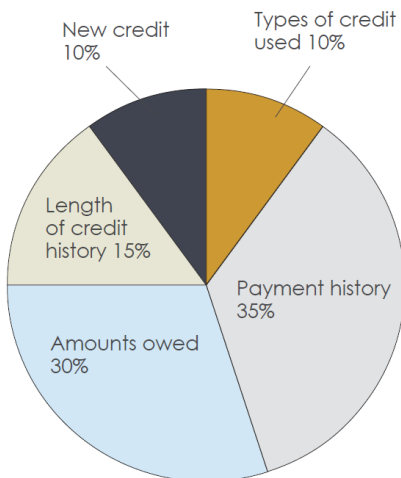
“I have terrible credit; no one will hire me.”



This quick reference guide can help you evaluate your credit and figure out how to increase your credit score.

Credit

Credit is the ability to be able to borrow money from a lender with a promise to pay them back, over a period of time, often in monthly payments. Examples of expenses for which individuals may need to use credit include car loans, student loans, credit cards and home mortgages.



Some employers review applicants' credit reports to determine if applicants are suitable for employment. If an individual has poor credit, there are programs that can assist during the interview and hiring process, and there are steps that an individual can take to increase their credit score.

It is important for an individual to understand how their credit score is compiled. This will allow them to potentially enhance their credit score. For example, if an individual has been delinquent for several months in making payments to creditors, they could make an effort to make payments on time to help increase their score.

The pie chart on the left identifies how an individual's credit score is compiled.

Tools and Resources from Hands on Banking®

Credit: handsonbanking.org/topics/credit-and-loans

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Ways to Increase Credit Score

Hands on Banking® provides a list of ways for an individual to improve their credit score. The following are sample strategies an individual can take:

- ➔ Checking your credit report and correcting any errors.
- ➔ Consistently paying your bills on time. You may want to set up payment reminders or online bill pay to help you pay your bills on time.
- ➔ Paying more than the minimum payment on outstanding obligations (or what you owe).
- ➔ Keeping credit card balances low. How much credit you have available is an important scoring factor, so keep balances as far below your credit limit as possible.
- ➔ Only applying for and opening new credit accounts when they're absolutely necessary.
- ➔ Having a mix of credit cards (revolving credit) and loans (installment credit).

Why do I need a good credit score?

Many people think that good credit is only needed when borrowing money, but it is needed for a wide variety of life purposes, such as:

- ➔ **Employment:** Employers may review an applicant's credit report during the job application process; other background screens may be used as well.
- ➔ **Renting:** Landlords use credit as a determining factor in who they rent to.
- ➔ **Convenience:** Credit cards are often used as a convenience in managing money and may be preferred for some purchases, such as travel, hotel and car rentals.
- ➔ **Large purchases:** Without good credit you may not be able to make a large purchase, such as a car or home. If you are approved for credit, it may be at a much higher interest rate.

Additional Resource

Federal Bonding Program

The Federal Bonding Program is an incentive program that allows employers to hire at-risk job applicants while limiting potential liability to their business. A Federal Fidelity Bond, supplied by Travelers Insurance Co., is a business insurance policy that insures the employer for theft, forgery, larceny or embezzlement by the bonded employee.

The bond does not cover liability due to poor workmanship, job injuries or work accidents. The Federal Bonding Program does not provide bail bonds or court bonds for the legal system nor contract bonds, performance bonds or license bonds that are sometimes needed for self-employment.

Eligibility Requirements:

- Ex-offenders
- Recovering substance abusers (alcohol or drugs)
- Welfare recipients and **other people with poor financial credit**, or who have declared bankruptcy
- Economically disadvantaged youth and adults who lack a work history
- Individuals dishonorably discharged from the military
- Anyone who cannot secure employment without bonding services

To learn more, visit bonds4jobs.com.

Provided to you by National Disability Institute nationaldisabilityinstitute.org.

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