

Young Investors

"Planning for a Bright Future"

Good credit, Bad credit What Does it all Mean?



What is credit? Credit means someone is willing to lend you money-called principal- in exchange for your promise to repay it, usually with interest. Interest is the amount you pay to use someone else's money. So, the higher the interest rate, the more you pay to buy something on credit. The purpose and the best part of credit is that it allows you to buy something, like college tuition or a car, you couldn't afford otherwise.

As mentioned earlier, credit comes with a price. The biggest part of that price is usually the interest rate, so it pays to shop around. Advertisers like to focus on the cost of the monthly payment- "Buy it now for only \$19 a month!" But that doesn't tell you what you'll *really* pay for the item. The key credit feature to compare is the annual percentage rate (APR), which tells you the cost of the loan per year as a percentage of the amount borrowed. Sometimes you'll see a low introductory interest rate- or a "teaser" rate. These rates usually expire in a matter of months and then jump up dramatically. There are also a number of other fees and charges to look for when comparing credit offers. Be sure to see if they charge an annual fee- which is a fee you pay for the privilege of using credit. Another important feature to look at is the grace period. The grace period is the length of time you have before interest starts accumulating. If you plan to pay off your balance each month, try to find a card with a grace period of 25 days or more.

Other fees you may see are late fees- a penalty for not paying your bill on time and over-limit fees- a charge for exceeding your credit limit, or amount you are allowed to borrow. Another fee that a growing number of credit card companies are including is something called universal default. Watch out for this one! Under a universal default, this allows the credit issuer to raise your interest rate if you make just one late loan payment- even if the late payment was not made to them but another creditor! In fact the late payment could be for anything- like a late cell phone bill or even a magazine subscription!

The Good & The Bad

Rewards

Convenience. It's easier and safer than cash.

Protection. Credit can make returns easier.

Emergencies. You always have money in case your car breaks down.

Builds Credit. Which makes it easier to get credit in the future.

Bonuses. Some cards allow you to earn bonus points that you can redeem for cash, merchandise or travel discounts.

Risks

Interest. If you don't pay your balance off each month, it will cost ya!

Overspending. Sometimes credit can cause people to live beyond their means- or buy items they cannot afford.

Debt. The amount you borrow adds up to what is called your debt.

Identity Theft. This occurs when someone uses your personal information to commit fraud. Each time you give out your credit card or social security number, you're at risk.

credit union Visa card

If you're interested in getting your first credit card, or maybe just a great credit card without any hidden surprises, our Visa card may be just for you!

Our Visa card is offered at a low, fixed 11.75% rate, a generous 25 day grace period- and we never charge an annual fee, over-limit fees or late fees. Not to mention you earn 1 point for every dollar you purchase toward great merchandise or travel discounts.

To learn more about our Visa, give us a call or visit us online at www.gaselectriccu.com.

How to Build Good Credit

Just like a report card, your credit report tracks your success in managing money responsibly. Getting and keeping a good credit history is critically important for you both now and in the future. Your credit history will follow you for the rest of your life. Here's a few tips for keeping your credit on the up and up!

- Always pay your bills on time. That's the single best way you can show creditors that you'll be responsible with their money.
- Make additional, regular deposits into your savings account— no matter how small. Lenders like to see a consistent savings pattern.
- Be choosy about your credit cards and loans. Apply only for the ones you really need, and keep them for a long time.
- Surprisingly, it's better for your credit score to maintain a low balance on one card and pay it off each month than to have no balance at all.

TXT Bank @ the CU

Have you tried TXT Banking with the Credit Union yet? It's the easiest, fastest way to get your account balances, transfer money and make payments— right from your cell phone. To sign up for TXT Banking, you have to be signed up for HomeCU Online Banking— which you can do through our website, www.gaselectriccu.com. Once your account is online, you simply register your cell phone number with your account. And no need to worry— all of our Online Banking and TXT Banking features are completely free of charge! (Normal text messaging fees from your cell phone provider still apply) If you have any questions about HomeCU Online Banking or TXT Banking, give us a call or check it out online.



click and Win!

Be sure to register in our drawing for a \$25 VISA gift card! Simply visit our website-

www.gaselectriccu.com and click on **Member Clubs** on the menu on the bottom. It's easy and free, and YOU could be our next winner! A new winner is selected every quarter.

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