

Better Money Habits®

# Reservists and Guard Members

# Building and managing credit

Better Money Habits®



- Your financial health is defined by a credit score (e.g., FICO® Score).
- Credit scores are used by banks, employers, landlords and insurers.
- **How credit scores are calculated:**
  1. Your payment history
  2. How much debt you have
  3. Credit history
  4. Your mix of credit types
  5. Recent credit activity
- Obtain a free credit report and review it.
- Most importantly, pay bills and loans on time.



Building Credit and  
Keeping Yours Healthy



# What your credit score means

View your credit report at [AnnualCreditReport.com](https://AnnualCreditReport.com).

- You can see a breakdown of debt and payment history.
- A small fee may be required to view your credit score.

**>700** Anything above 700  
is more attractive  
to lenders

**<620** Anything under 620  
could make it harder  
to get a mortgage

Poor  
300-579

Fair  
580-669

Good  
670-739

Very good  
740-799

Exceptional  
800-850



# Building credit from scratch

- Open a checking account.
- Get a credit card.
  - Consider a secured credit card.
  - Prepaid cards don't build credit.
- Don't apply for cards you won't get.
- If possible, ask someone to co-sign a loan.
- Continue to carefully manage credit.





# Do's and don'ts for improving your credit

## DO

- **Keep your balances manageable** and under your credit limit.
- **Make your credit payments on time every month**, including loans, utilities and mortgage payments.
- **Keep credit accounts** that you've historically paid on time.
- **Check your credit report** once a year for accuracy.



## DON'T

- **Exceed the limits** on your credit card accounts.
- **Miss a payment** or fail to pay at least the minimum amount due.
- **Apply for a lot of credit accounts** in a short period of time.
- **File for bankruptcy** or get your credit account turned over to a collection agency.



# Debt after the military: 5 things to know

1. Watch out for high interest rates.
2. Avoid payday loans and other nontraditional lenders.
3. VA and Veterans Group Life Insurance may offer help.
4. Find a counselor with the National Foundation for Credit Counseling.
5. Report problems to the Consumer Financial Protection Bureau.





1

Your credit score is extremely important to your financial future.

2

Create credit history by opening a credit card account, but limit credit cards to one or two to start.

3

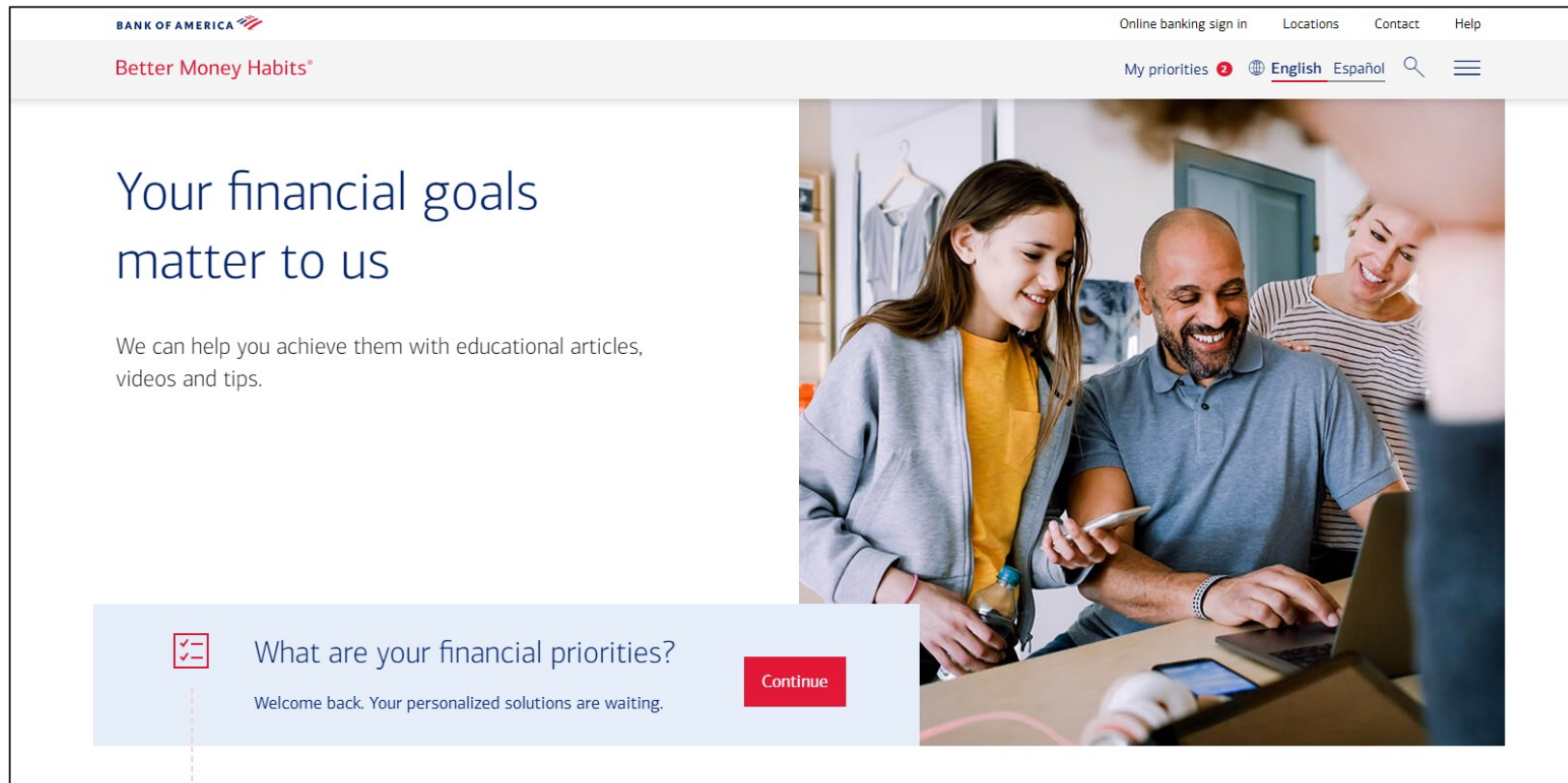
Keep your credit healthy by paying bills on time and in full whenever possible, maintaining manageable balances and staying under your credit limit.

4

Continually monitor your credit through free services.

5

Correct any errors as soon as you catch them.



[BetterMoneyHabits.com](https://www.bankofamerica.com/bettermoneyhabits)

# Thank you

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PRES-01-24-2451.A | MAP6419906 | 02/24

