

5 Ways Young Adults Ruin Their Credit

When you're newly on your own, you need just about everything, and plastic can become a big temptation. Good credit, as well as bad, will follow you through your life. Avoiding the following will assure that only GOOD credit will be your lifelong companion:

(1) **Charge it to the max.** Charging to your limits on plastic can put your credit score in jeopardy. If you have reached your limit on one or more cards – you become a risk. Lenders will suspect you are one big expense away from being unable to pay. It is recommended using just 10-30% of your available credit.

(2) **Miss due dates.** Your credit card bills may take a back seat to the other critical expenses in your life - rent, utilities and student loan payments. Late payments can lower your credit score. If paying bills is a challenge, try to pay at least the minimum on your cards each month, on time.

(3) **Co-sign a loan.** Here's the scenario: Your boyfriend or girlfriend really needs a loan for a new car but the bank says no way without a co-signer. You may think you're merely vouching for their character, but you're really saying, "I'll pay if they don't." You have one good possible outcome. They make every payment on time and when the loan is paid off, you're off the hook. But consider other possibilities, from a crisis that makes them unable to pay (job loss, injury) to the worst case scenario – they just walk away from the debt. You'll inherit the debt, the collector's harassing phone calls and the damage to your credit, too.

(4) **Collect credit cards.** You hear this once a weekend. "If you open up a new credit card with us today, you'll get 10% off your purchase! That's going to save you \$8 today, it only takes a minute to open!" Stick to the fewest possible cards you need.

(5) **Blow off your other bills.** You may imagine your credit score is based on what you do with your credit cards. If you are regularly late paying your electric bill, for example, your credit report may turn off future lenders before the power company turns off your lights!