

How to Avoid Bad Credit



No one is immune to bad credit. Most people view others that have bad credit as irresponsible and lazy and while that may be true of a small percentage of people, many people that fall into credit pitfalls do so because of life circumstances. Whether you are unemployed, ill and unable to work for a period of time or a victim of credit card fraud or identity theft, it is quite easy to be a victim of bad credit. If you find yourself in that situation, the following tips can help you get out and stay safe.

1. **Create** a budget and figure out how much income you are bringing in and your monthly expenses. Usually the best way to avoid bad credit is to catch it early on, change your ways and improve your financial situation. It can be tough, you will need to save more money, forgo impulse items and ultimately tighten your belt for a few months or a year to get out of the hole you were digging yourself into.
2. **Go direct.** Another way to avoid bad credit is to contact creditors directly. For instance, if you are unemployed or recently suffered an injury or illness, contact your creditors and make them aware of the situation. Your creditors will be more than happy to work with you so that you don't default on the loans. They may allow you to stop payments for a few months or create a payment plan that requires much less than the minimum for a few months while you work out your financial situation. Most people are afraid to contact their creditors; however your creditors may be your best resource for helping you avoid bad credit.
3. **Live** within a budget. Prevention is another great way to avoid bad credit. Do not live beyond your means in the first place and you will not fall into the trap of bad credit. For those without an employment issue or illness, the best way to avoid bad credit is to make sure you are responsible with credit cards. No one needs more than one or two credit cards. Forgo those impulse desires to sign up for every credit card you see. While you might save \$20 at the point of purchase when signing up for a store card, in the long run you will likely pay much more for the privilege of using the card.
4. **Use** FinanceWorks. FinanceWorks is a free tool inside Online Banking that allows you to categorize all your spending and set goals which are automatically updated for you. So you can see quickly you are overspending in a particular area. FinanceWorks will even send you an email if you're approaching your budgeted goal.

Do you know where your money went today?

Finance Works
Powered By Quicken

Your complete financial picture...all in **ONE PLACE!**

Learn More

It's free and it's now available with online banking.

Category	Amount
Pay	\$1,000.00
Entertainment	\$223.75
Living	\$600.00
Loan	\$450.00
Auto	\$175.00
Investment	\$100.00
Retirement	\$100.00
Total	\$2,650.00