

FINANCE: CREDIT MONITORING TIPS

STORY BY JENNIFER STREISAND

Terms such as identity theft, credit score and credit report set off alarms for most of us, but sooner or later, it is important to have a basic understanding of how to monitor your credit so that you can be a good financial consumer.

"Like it or not, lenders use our credit information to determine whether a loan is made and at what interest rate. A prospective landlord may want a credit report, auto insurance companies factor in a credit score when determining rates, and for certain positions, prospective employers may want to know your credit history," says Kurt Burnett, a personal finance educator and instructor at Ivy Tech Community College. Keeping track of credit history is important to one's overall financial planning.

To start understanding your credit history, obtain and review your credit report annually, suggests Burnett. You can obtain your credit report from the three credit reporting agencies: TransUnion, Equifax and Experian. Each of the agencies will give you a free credit report annually, Burnett says. You can obtain a credit report from these agencies by going through one website: www.annualcreditreport.com.

Joe Redmon, credit counselor at Purdue Federal Credit Union, also recommends this website as a legitimate place to obtain your free credit report, and he says you can plan it so that you can get one report from each of the three agencies at different times during the year. When you go to the website, after filling out personal information, you are given a choice as to which credit bureau you would like to get the report from at that time – TransUnion, Equifax or Experian – and then you are automatically directed to that agency's site, where you get the credit report, and can print it from your computer. You can also call to get the free credit report with a toll-free number that is listed on the website, or by mail.

"I can either get the free credit reports all at once, or I can spread them out to where I would pull one every quarter," Redmon says. "The whole idea of getting a free credit report is to make sure there are no mistakes on there. There could be clerical errors, or you might also see fraud

or identity theft, which could be discovered from looking at a free credit report."

For obtaining a free credit report, www.annualcreditreport.com is "the only site that I can recommend," says Burnett. And that brings up another point: How does one monitor the abundance of online information on this subject, which seems to be everywhere on the Internet?

"There are literally hundreds of different companies that are offering their wares on the Internet," says Redmon, "But I would start with the basics: Get your free credit report, and review that." If consumers have questions about the language on the credit report, or anything that is on the report, they can consult Redmon at Purdue Federal, who can help them make sense of it, even if they are not a member of the credit union, he adds.

Considering that the free credit reports can be lengthy — 5 to 10 pages for a person with years of credit history — discussing it with someone locally might be a good idea, even though the language on the report is fairly straightforward and meant for the general consumer.

"That is one of the services we provide at Purdue Federal. I would be happy to sit down and go over a person's credit report with them," Redmon says.

A tip to help keep your credit report looking financially sound, is to pay your bills "on time, every time," Burnett says. While not all late bills will be reported to a credit agency, if lack of payment is reported to a collection agency, that can ultimately show up on a credit report.

Obtaining and understanding your credit report is a first and important step to monitoring your credit, agrees April Dildine, vice president and general manager of the West Lafayette branch of Huntington National Bank. She often assists customers with understanding their credit report.

"Just to make sure there is nothing derogatory that has been reported, and whenever there is a local financial institution or local individuals, you can come into the bank, and we have the resources to assist you and get the problem corrected," if there is one, says Dildine.

Often financial institutions will offer an identity-theft protection service for a

nominal monthly fee, which will inform customers in a timely way if something suspicious is happening with their credit. That way, the local financial institution can help on two fronts: understanding your annual credit report from each of the three credit reporting agencies, and managing a 24/7 monitoring and alert system.

"It's just that extra security that a consumer can have," says Dildine. At Huntington, for example, the bank offers its customers a service that will notify them if another person is trying to apply for credit in their name, and also offers the ability for a customer to see what is happening with their credit report at all three agencies, at any given time of the year. Lafayette Savings Bank offers a program called Identity Secure, and you don't have to be a customer at Lafayette Savings Bank to subscribe to it, says Tony Gregg, vice president of retail banking there.

"The program monitors changes to credit on a daily basis, and alerts are sent via email when there is a credit bureau inquiry, derogatory report, new credit account opened, and any public record that is added, such as a lien or judgment," explains Gregg. "The benefit is the ability to detect possible identity theft early on," he adds.

Using a credit alert service from a financial institution also may give you access to your credit score (sometimes called a FICO score), which the free credit report on www.annualcreditreport.com does not. A credit score is a numerical analysis that is used to determine how risky it would be to lend you money, or your "credit worthiness."

"The best FICO score is 850," says Redmon, although a score of 850 is extremely rare. "Any time someone is in the 700s, there should not be a problem obtaining credit," he says.

So, even if you are not planning to apply for a loan any time soon, all of the financial professionals interviewed for this article agree that it's important to monitor your credit because it is another facet of taking control of your finances. In addition, it's a way to try to prevent identity theft.

"There are three important parts of protecting your identity no matter how it might be compromised," says Gregg: "Prevention, detection and resolution."

"An individual has to take every action possible just to make sure that they are protecting their financial security," Dildine says. ☘

