International Bridge Program: Credit in the United States and Identity Theft
Credit and Protecting Your Identity
What is credit, exactly?
- The provision of money, goods, or services with the expectation of future payment. Many times there is interest accruing on the balance.¹

What types of credit is used in the United States?

**Single-Payment Credit**
Pay in a single payment within a given time period
Examples: Doctors, utilities, paycheck lenders

**Installment Credit**
Pay in two or more regular payments of a set amount
Examples: Cars, mortgages, furniture, vacations

**Revolving Credit**
Buy within a credit limit – minimum due regularly
Examples: Retail charge accounts, credit cards²

When people ask about ‘my credit’, what do they mean?
- Referring to your ‘credit score’, which is a number representing the likelihood that you will repay your debts.

Is my ATM card a credit card?
- No- the ATM card is linked to your checking and savings account in the bank, not a credit line

I have credit from my home country. Is that good here?
- Unfortunately, most companies can’t do international credit history checking (except on occasion- Canada).
How is Credit Important?

Credit Check: who is interested in your credit score:
- Landlords
- Phone companies
- Utilities
- Banks
- Loans (car, bank, house)
- Any other payment plan providers
- Possible employers
- Insurance providers

How your credit score can affect you:
- Can affect interest rates on loans
- Can affect whether or not a service/loan is granted to you
- Can affect insurance rates
- May affect job prospects
How to Establish Good Credit

- **Pay all bills on time!**
  - Utilities
  - Rent
  - Cell phone

*Establish a steady work record*
  - Steady pay, steady job habits

- **Open a successful checking and savings account**
  - No overdrafts
  - Work on your savings
Apply for a credit card or small loan
- First-time credit card or student credit card
  - Or-
- Apply for a secured (prepaid) credit card
- Possible co-signer for small loan
  - Go through your bank where you have an account

Develop consistent and responsible payment and spending habits!
- Borrow only what you can afford (think about being able to pay your balances in full every month to avoid interest charges)
- Read all contracts and fine print carefully, and don’t be afraid to ask questions
- Notify creditor immediately and in advance if you will not be able to make a payment (at all or on time)
The Nuts and Bolts of Credit Reports and Scores...

How is my credit score calculated?
FICO- the Fair Isaac Corporation model (statistical modeling based on your credit files)
• 35% payment history
• 30% credit balances
• 15% length of credit history
• 10% types of credit used
• 10% recent searches of your credit

Credit Reports
• Record of your credit history as sent by creditors, businesses, bill collection agencies, etc.
• A credit report includes information on where you live, how you pay your bills, and whether you’ve been sued or arrested, or have filed for bankruptcy. Nationwide consumer reporting companies sell the information in your report to creditors, insurers, employers, and other businesses that use it to evaluate your applications for credit, insurance, employment, or renting a home.
• Three credit bureaus: Experian, Trans Union, & Equifax

1 http://en.wikipedia.org/wiki/Credit_score_%28United_States%29
2 http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre34.shtm
What is a Good Credit Score?

Credit Score Analysis

**General range:** 300-850

**Above 700:** Low risk to lenders; demonstrates good financial health

**Below 600:** High risk to lenders; you could get higher interest rates or get turned down for a loan or credit application

How to get a copy of your credit report?

- The Fair Credit Reporting Act (FCRA) requires each of the nationwide consumer reporting companies — Equifax, Experian, and TransUnion — to provide you with a free copy of your credit report, at your request, once every 12 months.
- Go to [www.annualcreditreport.com](http://www.annualcreditreport.com) to print your free credit report once a year.

1. [http://www.thirteen.org/finance/educators/p-lesson3_org5.html](http://www.thirteen.org/finance/educators/p-lesson3_org5.html)
2. [http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre34.shtm](http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre34.shtm)
How to Boost Your Credit Score

Keep balances low on credit cards.
High debt levels can hurt your score.

Apply for and open new credit accounts only when you need them.
Pay down your revolving credit, like credit cards.

Check your credit report regularly for accuracy.
Contact the creditor and credit reporting agency to correct any errors.

If you have missed payments, get current and stay current.
The longer you pay your bills on time, the better your score.

Specific Actions to Raise a Credit Score:
Action, Score Change:
Pay off accounts, +80
Build history of paying on time, +40
Pay down credit balance, +40
Pay down further and no new accounts, +50
Pay all overdue payments and keep loan current, +20
Six months of on-time payments, +30

http://www.thirteen.org/finance/educators/p-lesson3_org5.html
What is identity theft?
• Identity theft occurs when someone uses your personally identifying information, like your name, Social Security number, or credit card number, without your permission, to commit fraud or other crimes.

Should I be concerned?
• Yes, but within reason, of course!

What should internationals do in particular?
• Keep visa, I-20, EAD, etc. and passport documents in a safe place
• Do not carry visa or passport documents with them on a daily basis
• Make copies of all visa and passport materials
• Do not share your SSN or Visa/I-20/EAD information unless vital.
What Else Can Be Done?

The best protection is prevention!

1. Be watchful of shoulder-surfers. At ATMs and phone booths, thieves will stand close enough to see PIN numbers punched in by users.

2. Mind those credit card receipts, especially since only a few credit card receipts have stopped listing full account numbers and expiration dates. Put the charge slip copies in a safe spot until your credit card bills arrive.

3. Buy a shredder and use it. Shred everything, including credit card receipts (after you've reconciled your bill), old bank statements, medical statements, everyday bills, and pre-approved credit card offers. Any document that has personal financial information on it can give an identity thief a foothold into your life.

4. Write clearly on all credit applications. Consistently and completely fill in all credit and loan applications using your full name, first, middle and last. Every bill that comes to your house should be addressed exactly the same.

What Else Can Be Done? Cont.

5. Monitor your credit accounts carefully, so you'll know if a bill's missing or unauthorized purchases have been made. Close out unused credit cards. Cutting them up is not enough.

6. Limit the number of credit cards you carry. The fewer cards you have, the easier it is to track them.

7. Get a credit report at least once a year and clean up any errors. Look for personal information and credit accounts that are not yours. Credit bureaus make mistakes.

8. Never leave paid bills in your mailbox for the mail carrier to pick up. Drop them off at a post office box.

9. If you're moving, contact all your creditors and update them of your address changes immediately. You don't want credit information and new credit cards being delivered to the wrong address. Likewise, if your credit card expires and you don't receive a new one, call your creditor immediately.

And finally....

10. Protect your Social Security number. Only give your Social Security number when absolutely necessary. Avoid using it as your account number whenever possible. If merchants demand it, ask for an alternate number and take your business elsewhere if they insist on writing it on your check. Likewise, don't print it on your checks.

11. Never carry your Social Security number and driver license together in your wallet.

12. Don't provide your Social Security number, bank account number or credit card number to anyone who contacts you through telephone solicitation.

13. If you're shopping with an online merchant for the first time, look for the Trust-e symbol or a Better Business Bureau online seal. These indicate the seller has been independently audited and deemed trustworthy.

14. Make sure any online credit card charges are handled through a secure site or in an encrypted mode. You'll know you're on a secure site if the Web page on which you conduct your transaction begins with https instead of the usual http.

15. Only shop on Web sites that offer a privacy policy. Know how your personal information will be handled. Print out privacy policies, warranties, price guarantees and other important information.

16. Sign up for identity theft protection plans, e.g. Life Lock, Identity Guard, CSID (through Costco.com)

Identity theft is serious.

- Some consumers victimized by identity theft may lose out on job opportunities, or be denied loans for education, housing or cars because of negative information on their credit reports.
- In rare cases, they may even be arrested for crimes they did not commit.

But don’t be scared!
Be vigilant and careful.
Ask questions and be mindful.
You will be okay.

Questions?