

Pocket Change

Delaware Financial Literacy Institute - Delaware Money School

A Message from State Treasurer Jack Markell

- Each time you pay your bills on time and in full, you make an investment in your own financial future. Your bill paying history ultimately ends up on your credit report, where it can affect your ability to buy a car or home — as well as the interest rate you're offered the next time you apply for credit. In some instances, it can even influence if you get a job. That's why having a GOOD credit history is a lot like having a GOOD reputation.
- At the last *From Purses to Portfolios* Community Event, many of you had questions about credit-related topics, so in this issue, we explore everything you need to know about credit reports. We hope you find this information helpful. And remember: The more you KNOW, the more your financial opportunities will GROW!



Financial Resources on the Internet

www.ftc.gov

On the FTC web site, click Consumer Menu and access information about credit and other vital money topics.

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TAKING CREDIT!

“How long has it been since you checked **YOUR** credit reports?”

What's in my report?

A credit report is generated when you apply for credit. The information you provide to the credit grantor is relayed to a credit reporting agency, where it is kept on file in a credit report. This information normally includes your name, current and recent addresses, Social Security Number, date of birth, and current and previous employers. Once you obtain credit, your payment record also may become part of the credit report. Matters of public record obtained from government sources, such as courts of law, also appear. Information gathered from these sources may include liens, bankruptcies, and overdue child support.

What isn't included?

Your credit report doesn't include information about your checking or savings accounts,

bankruptcies that are over 10 years old, charged-off debts placed for collection more than seven years ago, your gender, religion, ethnicity, political party, medical history, or criminal record. Your credit score is based on information in your credit report, but it isn't part of the report itself.

Who are the credit reporting agencies?

Equifax, Experian, and Trans Union are the three major credit reporting agencies that collect credit information about consumers.

Who can look at my credit report?

Anyone considered to have a permissible purpose may look at your report. This may include: potential lenders, landlords, insurance companies, employers and potential employers (usually only with your written consent), companies you allow to review your accounts for signs of identity theft, groups who are considering your application for a government license or benefit, the state or local child support enforcement agency, any

other government agency (although they may only be allowed to view certain portions), those who use the report to provide a product or service you requested, or those who have gained your written authorization.

Why is it necessary to routinely review my credit reports?

The information in your credit reports is gathered on an ongoing basis, so it constantly changes. Reviewing this information may help you detect identity theft. It also may alert you to information that needs to be corrected or explained.

How often do I need to obtain and review my credit reports?

It's wise to request a credit report copy at least once a year from *each* of the three major credit reporting agencies. Read below to find out how to get a free report



CREDIT REPORTS—NOW AVAILABLE FOR FREE!

A recent amendment to the Federal Fair Credit Reporting Act (FCRA) requires each of the nationwide credit reporting agencies to provide you with a FREE copy of your credit report at your request once every 12 months. This new law is being phased in across the nation over a nine-month period.

► **How will I know when I am eligible?** Consumers in the Eastern States such as Delaware can order their FREE reports beginning **September 1, 2005**.

► **How do I order my FREE report?** Equifax, Experian, and TransUnion have set up one central website, toll-free telephone number, and mailing address through which you can order your FREE annual report. To order. . .

Online: www.annualcreditreport.com

Phone: 1.877.322.8228

Mail: Complete an Annual Credit Report Request Form and mail it to: Annual Credit Report Request Service, P. O. Box 105281, Atlanta, GA 30348-5281. This form can be downloaded from the Federal Trade Commission website located at www.ftc.gov/credit.

You can order a credit report from all three agencies at the same time or only request one or two. Do NOT contact credit companies individually — they can only fill an order for an annual FREE report via the contact points listed above.

► **What information will I need to provide?** Please supply your name, address, Social Security Number, and date of birth. If you've moved in the past two years, you also may have to provide your previous address. To keep your file secure, each credit reporting agency may ask you for some information that only you would know, such as the amount of your monthly mortgage payment. Each agency may ask for different information because the info they have on file may have come from different sources.



Visit www.pursestoportfolios.com for Additional Information and Resources

CREDIT REPORTING AGENCY RESOURCES

If you need to report identify theft or have other concerns, contact the three primary credit reporting companies:

EQUIFAX

www.equifax.com
P. O. Box 740241
Atlanta, GA 30374-9241
1.800.525.6285

Hearing Impaired:

Call 1.800.255.0056 and ask operator to access Auto Disclosure Line
1.800.685.1111.

EXPERIAN

www.experian.com
P. O. Box 9530
Allen, TX 75013
1.888.EXPERIAN
(1.888.397.3742)
TDD: 1.800.972.0322

TRANS UNION

www.transunion.com
P. O. Box 6790
Fullerton, CA 92634
1.800.680.7289
TDD: 1.877.553.7803

REVIEW, WRITE, RESOLVE! How to Correct Your Credit Report

STEP #1: REVIEW YOUR CREDIT REPORT

Once you request your credit reports, review them carefully. Understanding a credit report is not always easy, but if you take it slow and use the materials sent with the report, you will succeed. First, check your personal information, such as your name, Social Security Number, and date of birth. Next, make sure the addresses listed are correct. To potential creditors and employers, too many addresses may signify a lack of stability, so you'll want to have any incorrect addresses removed. Then, check your credit sources. Do you recognize each one? Is the information provided for each accurate? It is best to dispute any credit accounts you do not recognize and to request that inaccurate information be updated or removed.

STEP #2: WRITE TO THE CREDIT REPORTING AGENCY

If you find an incorrect statement on a personal credit report, immediately write to the credit reporting company that issued it. In your letter, provide your complete name and address and clearly identify each item you are disputing. State the facts and explain why you disagree with the information and request that it be deleted or corrected. Include copies (not originals) of documents that support your position. You may want to enclose a copy of your report with the items in question circled. Send your letter by certified mail, return receipt requested, so you can document what the consumer reporting company received. Keep copies of your dispute letter and enclosures. A sample dispute letter is available at:

http://www.pueblo.gsa.gov/cic_text/money/credit-record/crrecord.htm#letter.

STEP #3: THE DISPUTE IS RESOLVED

Consumer reporting companies are required to investigate a claim (usually within 30 days) unless they consider the dispute frivolous. They also must forward all relevant data you provide about the inaccuracy to the organization that initially supplied the information. After the information provider receives notice of a dispute, it must review the new information, investigate, and report its results back to the consumer reporting company. If the information provider finds the disputed information is inaccurate, it also must notify all three nationwide consumer reporting companies, so they can correct the information in your file.

When the investigation is complete, the consumer reporting company must give you the written results and a free copy of your report if the dispute results in a change. (This free report does not count as your annual FREE report under the Fair Credit Reporting Act.) If you request, the consumer reporting company must send notices of the correction to anyone who received your report in the past six months.

YOU CAN IMPROVE YOUR CREDIT!

If the information on your credit reports is accurate, and it shows you've missed payments or paid bills late, now is the time to rebuild your credit.

\$ Set Up a Budget: To take control of your finances, first determine how much it costs for you to live. List and add up all of your expenses. Then list and add up any income you have. Subtract your expenses from your income. Are you left with a negative balance?

\$\$ Cut Back on Spending: Find ways to economize. Consider car pooling to work or packing a lunch instead of eating out. For spending tips or a free budget form, go to: www.cccs-inc.org.

\$\$\$ Contact Your Creditors: If you're having trouble making ends meet, don't wait until you're further behind. Call your creditors now. Describe your situation, and try to work out a modified payment plan that reduces your monthly payment.

\$\$\$\$ Seek Outside Help: If you need help making financial changes, consider contacting a trustworthy credit counseling service. For tips on how to select a reputable credit counselor, visit: <http://www.cccs-inc.org/about/counseling.html>

\$\$\$\$\$ Explain Yourself: If credit problems are due to circumstances beyond your control (identity theft, illness, divorce, etc.), contact credit reporting agencies to document your situation. Ask them to include a copy of your written explanation in your personal file.



From Purses to Portfolios: Take Charge
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