



Financial Wellness Spotlight

May 2021



Using a Credit Card to Improve or Establish a Credit Score

A credit card in your name can be a way to build your credit history and improve your credit score. Having a good credit score can help with many areas of your finances and impacts the interest rates you are offered on auto, home, credit cards and other loans. Your credit score can also influence your insurance costs, whether or not you get approved for a lease, hiring decisions by a potential employer, and more. Here are three things to consider before getting a credit card:

1. **Are you ready?**

Established and well-maintained checking account habits are a sign that you are ready to manage a credit card. Managing a checking account well includes keeping close track of transactions, being careful to avoid overspending, not overdrawing your account, and knowing what to do if you lose your debit card or notice suspicious activity.

2. **Finding the right card:**

Look for a national branded card (such as a Visa[®]) that offers no annual fee, a fair interest rate, and great customer service. A good place to start can be at the financial institution where you have your checking account.

Remember that a credit card is a type of loan. Compare cards carefully to get one that best meets your needs. Understand the billing period, credit limit, interest rate, payment due date, how the minimum payment will be calculated, and any potential fees or costs.

If you are not eligible for a regular credit card due to having no credit history or a history that needs improvement, look into getting a secured credit card. This type of card requires you to deposit funds into a savings account that will match the limit available on the card.

3. **How to use it:**

Think of your card primarily as a tool to help build and improve your credit score. Use your card to pay for a recurring monthly expense that is important to you and already in your budget, such as a streaming service or your cell phone bill.

Wait for the monthly billing period to end and pay your card in full by the due date. Doing so will avoid any interest charges or late fees, and will be establishing that you are a responsible user of credit. If you cannot pay the card in full every month, do your best to stay under 30% of your limit at all times and submit at least your minimum payment by your due date.

Store the card in a safe place, you do not need to have it in your wallet! This can help with avoiding temptation and over spending.

Building and improving a credit score is a slow and steady process. Have patience, you will be rewarded! A good credit score will support your efforts to improve your financial situation and reach your financial goals.

Learn More About Credit Cards and Scores

Credit Cards:

Having a credit card can be a useful financial tool. Watch our short [video](#) on how to use your credit card carefully and avoid the pitfalls that can get you in trouble. Then, read our [article](#) on credit cards to learn what types of cards are available and how to choose the one that is right for you.

The [Consumer Financial Protection Bureau](#) provides additional information on how credit card issuers calculate your interest rate and the difference between a variable and fixed APR.

Credit Scores:

Credit Scores are used by lenders to determine the risk in loaning money to a consumer and their likelihood to pay it back. Credit Scores are also commonly used by car insurance companies, landlords, and even potential employers to determine the risk of working with an individual. Explore our learning module on [Credit Scores and Reports](#) to better understand what is being reviewed and how it is calculated.

Want to build or boost your credit score? The Consumer Financial Protection Bureau offers information on [3 common credit issues and what you can do to fix them](#).



Upcoming Free Community Webinar Schedule:

Smart Money: Net Worth and Wealth Building 101

Thursday, May 13, 2021 at 6:30 PM

Smart Money: Understand and Improve Your Credit Score

Saturday, May 15, 2021 at 10:00 AM

Smart Money: Ten Fundamentals

Saturday, June 12, 2021 at 10:00 AM

Identity Theft

Thursday, June 24, 2021 at 6:30 AM

[View the full schedule and register to attend a webinar.](#)

Great Products and Services



Earn a \$200 Cash Bonus¹ with a Home Equity Line of Credit.

Put your home's equity to work for you with a Home Equity Line of Credit. A Home Equity Line of Credit, or HELOC, offers you a flexible Line of Credit for a variety of needs by using the equity on your home. Right now, you could earn a \$200 cash bonus when you open a HELOC from BMI Federal Credit Union.

[¹See complete details.](#)

Take Control of Your Card



Free Visa[®] Card Alerts⁺ with MyCardRules

There's never a convenient time to lose control of your card. Card Alerts with MyCardRules gives you control over how, where, and when your card is used. [**Stay in control of your card with these great features.**](#)

⁺Card Alerts are provided at no additional cost from BMI FCU. Message and Data rates may apply.



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