

FINANCIAL FREEDOM

Start Your New Year Right By Checking Your Credit Reports

By Kathy Jo Pollack

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No doubt, credit fuels our economy, and it also affects every area of our lives. Our credit rating, good or bad, can affect where we live, work, and our ability to get a loan or insurance. Do yourself a favor and make it your annual plan to check your credit reports from each of the **three major credit bureaus: Equifax, Experian, and TransUnion**. Under the FACT Act, these reports are **free to consumers every twelve months**. You can request your free reports by calling 877-322-8228 or online at the official website: www.annualcreditreport.com. A form is also available at this website if you prefer to request your reports by mail.

You need to **check each of the three reports** as they may not contain the same information. It is important to scour each report and promptly correct any errors by disputing inaccuracies. Correcting errors can take considerable time; do not wait until you are applying for something (loan/insurance, renting an apartment, or applying for a job) where your credit may be checked. Also, if your credit reports are wrong then chances are your credit score may also be wrong because a score is based on the information contained in your report. Reports can be lengthy and time consuming to review. **Tip: You may want to stagger each of the three reports and request a different one every four months.**

Lastly, when you are sure your credit reports are accurate, you may want to check your credit score. Scores are not free (only reports are free). The higher your score, the lower your risk and the better rates/offers for which you may qualify. Keep in mind that your score may vary according to which credit report is used, so you may actually have three scores. FICO has the most widely used scoring model, and a revised model called FICO 2008 will be implemented in 2009. FICO is used by 90% of lenders in the US and Canada (FICO scores generally range from 300-850, and scores above 750 are considered excellent). To learn more, visit FICO at www.myfico.com.

Coming next: Simple Tips to Boost Your Credit Score.

Author's Bio

Kathy Jo Pollack is a certified life coach, trainer, and speaker with a focus on financial independence. She has worked with thousands of people from all walks of life as the training specialist for Consumer Credit Counseling Service and has taken her passion and expertise to a new level as a coach and writer. She also offers various teleclasses and seminars. Please visit her at: www.kathyjopollack.com