



WERNER FINANCIAL

CUSTOMIZED INVESTMENT SOLUTIONS

ESTABLISHING CREDIT

Credit has become an essential aspect of our modern world, influencing our ability to make significant purchases and access financial opportunities. Establishing a solid credit history early on can provide numerous benefits, such as obtaining favorable loan terms, renting an apartment, and even landing a job. If you're looking to embark on the journey of building credit, this guide provides valuable tips and strategies to help you establish a strong credit foundation. By implementing these suggestions, you can lay the groundwork for a positive credit history and open doors to future financial opportunities.

1. Applying for a Secured Credit Card

When it comes to building credit, a lack of credit history can make it difficult to get a traditional unsecured credit card. However, you can start by applying for a secured credit card. With a secured card, you are required to make an initial deposit, which acts as collateral. As you make regular payments and demonstrate responsible credit behavior, you will gradually build a healthy credit history. Eventually, this could pave the way for transitioning to a traditional credit card.

2. Becoming an Authorized User

Consider becoming an authorized user on someone else's credit card. This allows you to benefit from the account holder's credit history. However, keep in mind that as an authorized user, you can make purchases using the card, but the account holder is responsible for the payments.

3. Setting up a Joint Account or Getting a Loan with a Co-Signer

Another option to consider is setting up a joint account or getting a loan with a co-signer. This can provide you with access to credit. In a joint account or with a co-signed loan, both parties are responsible for making payments. It's important to note that any late payments can negatively affect both the co-signer's credit and your own.

4. Apply for a Credit Builder Loan

In addition to a secured credit card, consider applying for a credit builder loan specifically designed to help individuals build credit. These loans are offered by some financial institutions and typically have lower borrowing limits. Making timely payments on a credit builder loan demonstrates your ability to manage debt responsibly and can positively impact your credit history.

5. Explore Alternative Credit Options

If you're having difficulty qualifying for traditional credit products, explore alternative credit options such as rent reporting services or utility bill payments. Some companies allow you to report your on-time rent payments or utility bill payments to credit bureaus, helping you establish a credit history without traditional credit accounts.

In addition to the strategies mentioned above, make sure to pay your bills on time, keep your credit utilization low, and monitor your credit report regularly. By following these habits, you will be well on your way to establishing and maintaining a strong credit profile. Remember, establishing credit takes time and consistent effort.

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