GREAT ADVICE FOR GRADS

2020

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Congratulations Class of 2020!

At the time of this publication, we are in a very uncertain world during an unprecedented challenge to our status quo. Many of you may have had to leave your campuses unsure of how the term will end or if you will see your classmates again. Others may be continuing along with online studies, but now from the safety of your homes, and with many questions about how a worldwide challenge will affect your futures.

While this wasn't exactly the kind of challenge I faced when I first graduated, I want you to know that I understand. You see, I graduated college in May 2001. I spent the summer working my first professional job as a call center manager, planning my next steps until I landed a new gig. My new role was scheduled to start on September 11, 2001.

9/11…as we all know now, the world and everything about life as we knew it changed forever on that day.

I lost my job just three weeks after I started, after I had already relocated for the position. All the dreams and plans I had for my career and even my personal life were suddenly gone. I had no idea if I could pay for groceries the next week, let alone cover rent next month. I felt panicked, heartsick, terrified, unsettled – all the feelings you would expect when we face a national tragedy.

I tell you this not to compare our experiences. Rather, I tell you this as someone who has faced a great deal of uncertainty and fear at what should be a time of great celebration. I tell you this to let you know that we find strength and inner resources when we are tested. The events that were set in motion that day forced all of us to become more reflective, less oblivious, and more appreciative. We came out the other side better prepared for adversity and more informed to be our own advocates.

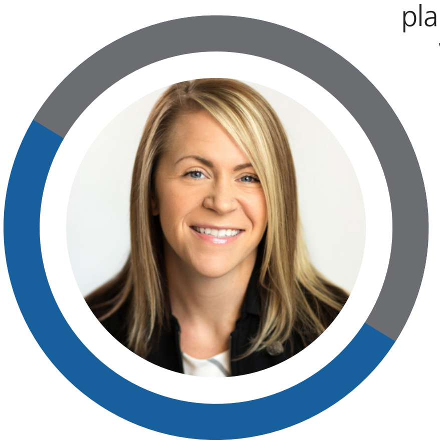
I tell you this to let you know that this, too, shall pass.

Because it will pass, although the world may be changed, you will still need to face the same challenges as graduates before you. You may struggle to know which job offer to take, whether you should move to a new place, how much apartment or house you can afford, or how to pay back your student loans. Especially now, you may have a lot of questions about money and how to plan for the future, however uncertain.

That's why, in the midst of this chaos, we're proud to once again offer sage advice and wisdom in this, our 2020 Great Advice for Grads.

Carrying on a tradition that began in 2014, this e-guide is a collaborative effort with the personal finance site NerdWallet to bring you articles to help you become financially empowered. Included in this year's edition is information on building your credit in ways that haven't been available before, and different ways you can think about paying off debt.

Remember, the world may not always comply with your carefully laid plans, but you can build an armor of knowledge to protect yourself when it doesn't. We are collectively facing a topsy-turvy world, but this too, shall pass.



Be well and proceed boldly,

Carissa Uhlman
Vice President of Student Success
Inceptia

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SET YOURSELF UP FOR STUDENT LOAN SUCCESS

What to Do When Your First Student Loan Payment Is Due

BY ANNA HELHOSKI

Within the next few months, if not sooner, the first student loan bills will arrive for the Class of 2020. If the grads are able to stick to the standard plan, they'll make payments every month for the next 10 years and be done with it.

But not all borrowers will knock out their loans so quickly. Among federal loan borrowers who began taking on debt in 2003-2004, just 1 in 4 had paid off their debt by 2015, according to the most recent data from the National Center for Education Statistics. As for the students with debt remaining, about 39% were still in repayment.

This year's recent graduates can improve their odds by setting a plan now to pay back the debt and stay on track moving forward, no matter what obstacles pop up.

"A plan will alleviate the stress you feel when you're unsure about what life looks like after college, and you have this debt to pay," says Tracie Miller-Nobles, an associate professor at Austin Community College and a member of the American Institute of CPAs' Consumer Financial Education Advocates.

Here's how to create a strategy.

GET DETAILS ON ALL LOANS

Don't wait to find out how much money you owe. There's a chance your bill won't arrive before your first due date, student loans experts say.

"Just because you don't get a bill doesn't mean you don't owe the money," says Betsy Mayotte, president and founder of The Institute of Student Loan Advisors.

For federal loans, go to the student aid website at studentaid.gov. To find private debt, visit annualcreditreport.com for a credit report, which lists private loan debt and the lender.

Once you know who holds the loans, call it to check or update your contact information. You can also create an online account to track payments.

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FIND THE RIGHT REPAYMENT PLAN

Your repayment goal should be to pay the least amount over time, Mayotte says. That's because the longer you pay off the loan, more interest will accumulate. For most borrowers, the standard 10-year repayment plan is the cheapest option.

For others, that may mean pursuing a loan forgiveness program, like Public Service Loan Forgiveness, which forgives federal loan debt after making 120 payments on an income-driven plan while working full-time for the government or a qualifying nonprofit.

High earners may pay off loans faster by asking their servicer to apply additional payments to their loan balance.

It's borrowers who face modest incomes or job uncertainty who have some thinking to do.

"There are a lot of options, and borrowers tend to get confused or distracted because there are so many options that aren't that drastically different," says Abril Hunt, outreach manager for ECMC, a nonprofit organization focused on student success.

Hunt recommends that borrowers who can't make payments on the standard plan try Revised Pay As You Earn, or REPAYE. It's the income-driven repayment plan that all graduates with federal loan borrowers can enroll in.

> "Just because you don't get a bill doesn't mean you don't owe the money."

An income-driven repayment plan, like REPAYE, sets payments at a portion of your income, which can help fit them into your budget. You'll need to recertify your income each year. If you lose your job or don't have one yet, your payments could be as little as $0.

If you're not sure which plan to choose, use the Department of Education's loan simulator to find out your payment on each plan.

AUTOMATE REPAYMENTS

Once you've selected a plan, make sure you never miss a payment. Enroll in autopay, but be sure to have enough money in your bank account to cover those direct payments.

Autopay can save you money, too: All federal student loan servicers and most private lenders will reduce your interest rate by 0.25 percentage points when you enroll.

HAVE A PLAN IF YOU RUN INTO TROUBLE

If the worst happens — a costly medical emergency or job loss, for example — contact your servicer or lender as soon as possible. They can help you work out a short-term reduced payment plan, sign up for income-driven repayment or apply for a temporary postponement.

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Pausing payments for a short period can give you breathing room. But interest may continue to grow, so try to pay the interest during this time to avoid higher debt.

REEVALUATE EVERY YEAR

Your knee-jerk move might be to pick a plan with the lowest payment possible, Mayotte says.

"That might be the right thing to do for your first loan payments, but as your income grows and your living situation changes you don't want to leave it on autopilot," she says.

Set an annual reminder to reassess your repayment strategy. That could be tax time or when you recertify your income for an income-driven plan.

The article What to Do When Your First Student Loan Payment Is Due was written by NerdWallet and was originally published by The Associated Press.

ANNA HELHOSKI is a writer and NerdWallet's authority on student loans. Her work has appeared in The Associated Press, *The New York Times*, *The Washington Post* and *USA Today*.

How Much You'll Really Pay for That Student Loan

BY RYAN LANE

Those who graduate college with student loans owe close to $30,000 on average, according to the most recent data from the Institute for College Access & Success.

But they'll likely repay thousands more than that because of interest. One key to limiting interest cost is choosing the right repayment plan. The bottom line? Opting for lower payments will cost you more overall.

Using a tool like the Education Department's Loan Simulator can help you better understand potential costs. Here's how much $30,000 in unsubsidized federal student loans would cost under different plans at the 2019-2020 undergraduate rate of 4.53%.

STANDARD REPAYMENT

TOTAL REPAID: $37,311

MONTHLY PAYMENT: $311

REPAYMENT TERM: 120 months

The standard plan splits loans into 120 equal payments over 10 years. Federal borrowers automatically start repayment under this plan, unless they choose a different option.

Standard repayment adds more than $7,000 to the loan's balance in this example, but that's less than most other options.

Barry Coleman, vice president of counseling and education programs for the National Foundation for Credit Counseling, says to stick with the standard plan if payments aren't more than 10% to 15% of your monthly income.

"The monthly payment would be higher, but in the long run [you] would save more in interest charges," Coleman says.

"The monthly payment would be higher, but in the long run [you] would save more in interest charges."

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GRADUATED REPAYMENT

TOTAL REPAID: $39,161

MONTHLY PAYMENT: $175 to $525

REPAYMENT TERM: 120 months

Graduated plans start with low payments that increase every two years to complete repayment in 10 years. Despite having the same repayment term as the standard plan, graduated repayment costs $1,850 more overall due to additional interest costs.

Cathy Mueller, executive director of Mapping Your Future, a nonprofit located in Sugar Land, Texas, that helps college students manage debt, says graduated repayment may be a good option for those who expect their earnings to increase in the future.

However, those doing well careerwise should try to make the standard plan work because of its lower interest costs.

"It's not going to be a huge difference, but every penny counts," she says.

EXTENDED REPAYMENT

TOTAL REPAID: $50,027

MONTHLY PAYMENT: $167

REPAYMENT TERM: 300 months

The extended plan stretches repayment to 25 years, with payments either fixed or graduated. Fixed payments add more than $20,000 to the example $30,000 balance; graduated payments would inflate your balance even more.

"[Extended repayment] is not going to be best for a lot of people," Mueller says. "But it is an option."

You must owe more than $30,000 in federal student loans to use extended repayment.

INCOME-DRIVEN REPAYMENT

TOTAL REPAID: $37,356

MONTHLY PAYMENT: $261 to $454

REPAYMENT TERM: 110 months

The government offers four income-driven repayment plans that base payments on your income and family size.

This example uses the Revised Pay As You Earn plan, a family size of zero and an income of $50,004, based on starting salary estimates from the National Association of Colleges and Employers. It also assumes annual income growth of 5%.

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Income-driven repayment costs about the same as standard repayment under these circumstances. But these plans are typically a safeguard for borrowers who can't afford their loans, as payments can be as small as $0 and balances are forgiven after 20 or 25 years of payments.

Lindsay Ahlman, senior policy analyst for the Institute of College Access & Success, says to think long-term before choosing an income-driven plan, and know you can always switch to income-driven repayment if you hit a rough patch.

"A lot of things are going to happen over the course of repayment — your earnings trajectory, your life decisions like marriage and children — that affect your income-driven payment," Ahlman says. And while an income-driven plan can reduce monthly payments, you may pay more overall because the repayment period is longer than the standard plan, she says.

WAYS TO SAVE

Even the least expensive repayment plan could add $7,000 to your loans. If you just graduated and want to shave down that amount, you have options.

Coleman suggests making payments during the six-month grace period and paying off interest before it's added to your balance when loans enter repayment, if possible.

Other ways to cut costs include letting your servicer automatically deduct payments from your bank account, which can reduce your interest rate, and paying loans twice a month instead of once. You can always prepay student loans without penalty.

This article How Much You'll Really Pay for That Student Loan was written by NerdWallet and was originally published by The Associated Press.

RYAN LANE is a NerdWallet authority on student loans. He has worked in the student loan industry for more than a decade.

Would Student Loan Refinancing Pay Off for You?

BY SEAN PYLES

Glossy mailers promising low rates and cleverly crafted ads on your favorite podcast might leave you wondering: Should you refinance your student loans?

With over $1.6 trillion in student loan debt in America as of March 2019, student loan refinance companies have an incentive to entice you. And a lower payment sounds alluring. But is refinancing the right move for you?

DIG INTO YOUR FINANCES

Before you make a big change to your money management, such as refinancing your student loans, fully understand your overall financial picture, says Barbara Thomas, executive vice president at SouthEast Bank. This will ensure you're coming from an informed place so you can make the best decision for your situation.

The more solid your footing — you're paying all bills on time, putting away savings and still have cash left at the end of the month — the more likely it is you could qualify for a refinance and handle any financial changes it brings, Thomas says.

"Make sure you've done all the reconnaissance work in terms of what your obligations are, what your credit scores are, and make sure you understand your financial outlook," she says.

Start with a simple monthly budget, like the 50/30/20 approach that allocates 50% of income to needs like housing, 30% to wants, and 20% to debt payments and savings. Then list your student loans, noting balance, annual percentage rate and loan term.

Check your credit and correct any errors on your credit reports.

LOOK AT YOUR LOAN TYPE

Next, turn your attention to your loans themselves: Are they federal or private?

Federal loans carry options and protections — such as income-driven repayment plans and loan deferment — that you lose if you refinance them into private loans.

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"Almost nobody should refi their federal loans," says Betsy Mayotte, founder of The Institute for Student Loan Advisors, an organization offering free student loan guidance.

"The only people who I recommend doing that are those who have a very strong emergency fund, there are multiple income generators in the household, and their payment is really affordable to begin with," Mayotte says.

DEFINE YOUR GOALS

Finally, ask what you want out of a refinance.

"A lot of borrowers are looking to pay off their loans faster," Thomas says. "Their monthly payments may go up, though. Then some borrowers are looking to lower their monthly payment overall by lowering APR and extending their loan term."

If you want a lower payment, make sure you look at the overall financial implications. A higher APR, longer loan term or both mean you'll end up paying more in the long run.

Here's how that breaks down: Say your current balance is $30,000, with a 7% APR and 10 year term. If you get a refi deal with a 5% APR and kick out the loan term to 15 years, you'll save $111 a month — but will pay about $900 in additional interest.

If you're looking into refinancing because you're paying off federal loans, you have other options such as income-driven repayment plans and extended repayment plans. Those can make monthly payments more manageable, but again you'll pay more in the long run due to a longer loan term.

SURE ABOUT REFI? MAKE YOURSELF LOOK GOOD TO LENDERS

So you've done your homework and determined that refinancing might be a good option for you. Before you apply, make yourself look even better to lenders.

Thomas says the lowest credit scores lenders will accept for a refi deal will be around 640 to 680. But you'll likely get the best deals with a score of 720 or higher. And lenders may want to see two years of on-time payments on your existing loans.

If needed, spend some time building your credit and extending your record of on-time payments. And hedge expectations created by the glossy mailers. "Unless you're the cream of the crop, the advertised rate is probably not the deal you're going to get," Mayotte says.

> **Unless you're the cream of the crop, the advertised rate is probably not the deal you're going to get.**

RESEARCH REFINANCING OFFERS

Mayotte recommends calling your current lender and seeing the best deal it can offer — it likely doesn't want to lose you from its portfolio. Next, check out what other offers you can pre-qualify for.

Compare all options to see which will make your goal easiest to achieve, within your budget. If you want to lower your payment, consider how much more you'll pay in interest. Or if you're in a rush to pay off loans, make sure you can manage the higher monthly payment.

The article Would Student Loan Refinancing Pay Off for You was written by NerdWallet and originally published by The Associated Press.

SEAN PYLES is a debt writer at NerdWallet whose work has appeared in *The New York Times*, *USA Today* and elsewhere.

MAKING YOUR MONEY MANAGEABLE

Don’t Freak Out About an Emergency Fund — Just Start One

BY AMRITA JAYAKUMAR

Let’s be real: For millennials, having an emergency fund is way down on the financial worry list, behind student loan debt, medical bills or saving for a down payment.

Some weeks, it can feel like you barely have enough money to get by, let alone put some away for a rainy day.

But that cash stash can be crucial in preventing a debt spiral or keeping you afloat if you lose your job. Regardless of income, building your emergency fund doesn’t have to be intimidating.

START SMALL, BUILD A HABIT

First, pick an amount you can put away on a regular basis, no matter how small. Then, commit to it.

“It can be as little as $10 a week into a separate savings account,” says Lara Lamb, a certified financial planner at Abacus Wealth Partners in Los Angeles. Making a small contribution every week is less painful than shooting for an ideal final sum, she says. Automatically transferring the money to a separate account helps you succeed at saving.

The saving habit — even if it’s small — is valuable for your finances in the long term, says Eric Gabor, a certified financial planner at Eagle Grove Advisors in Jersey City, New Jersey.

A family with at least $250 in savings is less likely to face financial turmoil such as a missed utility payment or eviction, according to a 2016 study by the Urban Institute, a Washington, D.C.-based think tank. Any amount above that — $400, $500 — improves your chances of navigating a setback.

Getting started is especially important for younger adults. An Urban Institute study released this year found 35.6 percent of adults ages 18-34 surveyed in December 2017 had experienced “financial insecurity” in the previous 12 months. That was the highest among the study’s three age groups of adults under 65. It defined financial insecurity as the “inability to come up with a small amount of money to buffer negative economic shocks or to pay his or her credit card or nonmortgage loan.”

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Lamb suggests working toward one month's fixed expenses, which includes rent, groceries, transportation and insurance. "Don't worry about your eating-out money or shopping money," she says. "If you are in an emergency or a transition, the whole idea is you would cut back on your spending."

A savings account that pays a high interest rate is a smart place to keep your fund, both planners say, so it can grow.

> **If you are in an emergency or a transition, the whole idea is you would cut back on your spending.**

MAKE USE OF WINDFALLS

An easy way to kick-start your fund is to use windfalls — part of a tax refund or even birthday money from relatives.

Young professionals typically get tax refunds instead of owing money, Gabor says. The IRS allows you to direct deposit your refund in up to three accounts, so you can send part directly to your emergency fund.

If no windfall is imminent, check your checking account. Leave a small buffer so that you aren't at risk of overdrawing and put anything else in the emergency fund to earn interest, Lamb says.

There's no ideal amount to keep in your checking account. But both financial planners warn that having a lot of extra "cushion" in a checking account carries the temptation to spend it.

PLAN FOR NON-EMERGENCIES

If you're building the habit of saving for emergencies, use that muscle to plan for other expenses.

Financial experts often use the terms "irregular expenses" and "unplanned expenses." An unplanned expense is something you don't foresee, such as an illness or car repair. Irregular expenses are predictable costs that come up during the year — think of car registration fees or holiday season spending.

Ideally, an emergency fund shouldn't be used for irregular expenses, Lamb says. Instead, build a separate pool of money for them.

"Sit down and look at last year's worth of spending and look at the things that popped up periodically," she says. "Think about the coming year and how that might change. Figure out the annual amount and divide by 12. That dollar amount is what you set aside every month in an irregular expense account."

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USE THE MONEY WHEN YOU NEED IT

Don't be afraid to use your emergency fund when you need it. Knowing the difference between unplanned and irregular expenses can help you decide when to tap it.

If the alternative is maxing out your credit cards or taking a high-interest loan, it's cheaper over the long term to use your cash, then immediately start rebuilding the fund.

The article Don't Freak Out About an Emergency Fund — Just Start One originally appeared on NerdWallet.

AMRITA JAYAKUMAR is a writer at NerdWallet. Amrita writes about credit scores and credit reports for NerdWallet. She previously worked at *The Washington Post* and *The Miami Herald.*

How to Stem 'Subscription Creep'

BY GREGORY KARP

From Netflix, Spotify and Amazon Prime to Blue Apron, Birchbox and beer of the month, your debit or credit card statements are likely littered with subscriptions that are costing you dearly.

Not that all subscriptions are bad.

You might be happy to pay a monthly fee to work out at the gym or type in Microsoft Office 365. But maybe the benefits of subscribing to credit monitoring or razors by mail were, uh, more fleeting.

Recurring charges can be insidious, some eating away at your wealth when you don't value the subscription anymore. Three $30-per-month subscriptions don't sound like much until you realize they total nearly $1,100 per year.

Inertia leads to a dozen free trials morphing into mainstays on your Mastercard. (Maybe not much longer, though. Mastercard has said it will require merchants to get your approval to proceed with charges after a free trial ends, although it applies only to physical-product subscriptions, like home-delivered sampler boxes.)

"The situation with subscriptions could end up being death by a thousand cuts when it comes to your budget," says Bruce McClary, spokesman for the National Foundation for Credit Counseling.

Adding to the problem are so-called gray charges, deceptive and unwanted credit and debit card charges that stem from misleading sales and billing practices. They total more than $14 billion a year among U.S. cardholders, or $215 each, per a 2013 study by industry research firm Aite Group.

Here's how to spring-clean recurring charges so you can spend on things that matter to you more.

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SUBSCRIPTION AUDIT

Job No. 1 is to identify recurring charges. Scan recent payment statements, including credit cards, debit cards or online accounts, like PayPal. Go back 12 months to catch auto-renew annual subscriptions. Don't ignore the analog world: lawn mowing, home security monitoring, pest-control service and memberships in social and professional organizations. Some credit card issuers, like Citi, identify recurring charges in your online account.

MULTIPLY BY 12

A frog in a stovetop pot of water will complacently boil to death if you raise the temperature slowly, the saying goes. Accumulating monthly subscriptions is similar. To feel the full impact, multiply monthly charges by 12 to get an annualized idea of what you're spending. If you see yourself keeping the subscription five years, do that math too. Then, a seemingly insignificant $30-per-month expense becomes $1,800.

"On the surface, subscription costs may seem minimal, but when you add them up it can really pinch your monthly budget," says Paul Golden, spokesman for the National Endowment for Financial Education. "If you're putting subscriptions on your credit card, is that hindering your ability to pay off your balance each month? If so, this is a red flag."

> **"On the surface, subscription costs may seem minimal, but when you add them up it can really pinch your monthly budget."**

REASSESS VALUE

Do you use and value the subscription? A gym membership is perhaps the best example of a noble subscription gone wrong — when you quit going but continue paying.

Ask yourself if a subscription saves you money or time. Has it lived up to its promise? Does a delivered subscription box bring you joy or guilt?

"It's a good idea to do a subscription evaluation on a regular basis — perhaps a couple of times a year," Golden says.

IS IT REDUNDANT?

If you have cable or satellite TV, plus Netflix, YouTube TV and Amazon Prime Video, you have overlap. "There are so many redundancies across those platforms that you're more or less paying for the same service over and over again," McClary says.

The same assessment goes for streaming music services, cloud storage and phone services. Are you hanging on to a landline for no reason?

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OPT TO SHARE

Can you legitimately share a subscription? "Some of these subscriptions offer a buddy pass," McClary notes. YouTube TV allows family groups to share subscriptions, and certain New York Times subscriptions come with a bonus subscription to share. Some families choose to group their wireless phones on a single plan to lower costs.

Don't forget about freebies at your local public library, which can substitute for subscriptions: digital access to books, audiobooks, movies, music and magazines.

DOWNGRADE

Downgrading or subscribing seasonally can work, too. Can you downgrade from the premium to free version of software or website access? Are you getting value from your credit card's annual fee? You can probably downgrade to a fee-free card with the same issuer and keep your long credit history.

CANCEL

Liberally pause or cancel services. You can always restart and re-subscribe later. You might even receive a discount offer to return.

The article How to Stem 'Subscription Creep' was written by NerdWallet and was originally published by The Associated Press.

GREGORY KARP is a credit cards expert for NerdWallet. He previously worked at the *Chicago Tribune* and wrote two money books.

Can't Bear to Check Your Finances? Here's Help

BY LAURA MCMULLEN

Would you rather eat that ATM receipt than risk seeing your balance? You're not alone. Keeping tabs on money can be stressful and confusing. Even if you know you should keep track of your finances, it can feel easier to just ignore balances, credit card statements and bills.

But what's easy now may become hard to stomach later. Avoidance can lead to overdrafts, a lowered credit score, debt and perhaps missed opportunities to save and invest.

Sound familiar? Don't feel guilty, says Justin Nichols, certified financial planner and director of operations at Garrett Planning Network. He tells clients in this situation: "Let's just start new right now and figure out a plan to move forward."

You're already making moves by clicking this article. Read on to learn how to get a handle on neglected finances.

DETERMINE IF YOU NEED PROFESSIONAL HELP

These tips are most helpful for folks whose finances aren't yet in dire straits — just ignored. However, avoidance is particularly easy (and harmful) when you're financially overwhelmed, says Sarah Newcomb, behavioral economist for Morningstar and author of "Loaded: Money, Psychology, and How to Get Ahead Without Leaving Your Values Behind."

If you can't cover your basic needs or feel like you're drowning in debt, talk with a nonprofit credit counseling agency. Credit counselors offer free budgeting help and may be able to create a plan to consolidate your debts and lower the interest rate.

SCHEDULE FINANCIAL CHECK-INS

Acknowledge any anxiety you feel about dealing with finances, says Amanda Clayman, a psychotherapist and coach specializing in financial wellness. "Anxiety sucks our attention and energy," she says, which makes problem-solving difficult.

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If you address your finances only when you feel bad, you may associate the behavior with negative feelings. Clayman gives the example of seeing a shocking credit card statement, panicking and choosing that time to address your overspending.

Rather than waiting until you're preoccupied with anxiety, Clayman recommends scheduling a weekly financial check-in at a neutral time. The idea is to "reprogram your emotional experience around money so that you can be much more effective," she says.

Take 30 minutes each week to review your spending activity and the balances on your checking and savings accounts, as well as any outstanding debt. Then, take note of any upcoming bills or other money events — like payday — and make a loose plan to prepare pending expenses.

If you feel overwhelmed by a 30-minute money review, Clayman suggests starting with 15 minutes or even five. (Maybe you simply note your balances.)

Keep anxiety in check by focusing only on your current financial picture. However, in time, building comfort and familiarity with your money today may help you prepare for tomorrow. For example, tracking expenses could lead to spending less and having money to sock away. Or, after reviewing your paychecks, you may decide to contribute to your 401(k), a tax-favored retirement savings account offered by some employers. (Contribute at least enough to snag all the matching dollars your employer offers.)

TACKLE SMALL, ACHIEVABLE GOALS

Changing behavior "comes down to our sense of identity," says Newcomb, who used to ignore her own finances. For example, she says: If you're OK with being someone who pays bills late, you will probably continue to do so.

"There came a point when I decided I didn't want to be that person anymore," Newcomb says. "Being a person who is on top of their finances is the goal — it's not that I care so much if the electric company gets their money."

Tackle small, achievable goals, like those check-ins, to start identifying as a financially responsible person, too. To identify your goals, Newcomb asks: "What are the things that feel like a gut punch when you see them?"

Ashamed by overdrafts? Go the next two months without one — then another two months. Paying bills late? Make each of next month's payments on time. (And for each bill, set up autopay, which Newcomb describes as a "godsend.") Bad credit score? Aim for a certain score within a few years, and learn what will help, such as making those on-time payments and keeping your credit card balances below 30% of your overall limit.

> **"Tackle small, achievable goals, like those check-ins, to start identifying as a financially responsible person, too."**

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REAP YOUR REWARDS

Build that positive association with money management by rewarding yourself. Treat yourself to ice cream or your favorite TV show after your weekly check-in, for example.

Some benefits will be intangible but meaningful nonetheless, like the pride in taking on those important (if dreaded) goals, Newcomb says.

Later, you'll likely see those small goals you accomplished help your finances — which is pretty satisfying, too. Newcomb, who's now in control of her money, has seen her balances increase. "Now, my reward for going through my finances is that I can see I'm in a better place," she says.

The article [Can't Bear to Check Your Finances? Here's Help] originally appeared on NerdWallet.

LAURA MCMULLEN writes about saving money and spending it mindfully.

DITCH THE DEBT

Is Your Debt 'Good' or 'Bad'? It Depends

BY SEAN PYLES

Are student loans good debt that can open the door to a career or an insurmountable burden? Is all credit card debt a sign of reckless spending, or can it be a smart way to cover an expense? In general, no form of debt is inherently "good" or "bad." What makes it good or bad is how it fits into your overall financial picture.

Good debt is manageable within your budget and can help you achieve your goals. On the flip side, bad debt is unaffordable and can overwhelm your finances.

Ask yourself these questions to determine if you're dealing with good or bad debt. Then see how you can manage it.

WHAT LED TO THE DEBT?

The reason you took on debt can help you determine whether it's helpful or harmful.

"Any debt that is taken on because people don't have any kind of choice means they are starting out in a place of disadvantage," says Ida Rademacher, a vice president of nonprofit think tank Aspen Institute. "That can create a spiral that can prevent people from being resilient."

Conversely, Rademacher says, "the more helpful forms of debt can help people to become more resilient." Student loans, for example, may enable a career that offers a high salary, making you more financially sound.

Think about whether you incurred the debt:

TO ACHIEVE A LONG-TERM GOAL: Student loans and auto loans can fit in this category. These debts can help you move ahead in life, so long as you don't take on too much.

OUT OF CONVENIENCE: These are debts you incur to make other aspects of your life easier, such as when you have a big one-time expense and don't want to deplete your savings. They can be benign if they're helping you manage your overall financial picture.

DUE TO AN EMERGENCY: Desperation debt can be dangerous. A need for cash in a hurry can leave you with limited options and result in high interest costs.

(continued)

BOTTOM LINE:

Debt taken to achieve a goal or out of convenience can be useful as long as you have a plan for paying it off. To avoid desperation debt, build an emergency fund. A 2016 report from public policy think tank Urban Institute found that savings as small as $250 can help consumers avoid missed bills and even eviction.

IS YOUR DEBT AFFORDABLE?

Comparing your debt load with your gross income can be a helpful tool for seeing if it's manageable or becoming too large to tackle on your own. Leaving aside mortgages and student loans, since they're generally more manageable forms of debt, here are some guidelines to consider:

DEBT LOAD UP TO 15% OF INCOME: This amount is likely affordable but is worth addressing. If you're carrying a moderate credit card balance, for example, paying it off can free up cash and save on interest.

DEBT LOAD FROM 16% TO 39% OF INCOME: Debts in this range get increasingly difficult to pay off. You may be able to make them more affordable by reducing interest or payments, such as with a balance transfer credit card or a personal loan. If you can't qualify for one of those, you could explore a debt management plan with a nonprofit credit counselor.

DEBT LOAD OF 40% OR MORE OF INCOME: Debt loads this high can be insurmountable. Use the free consultations offered by many nonprofit credit counselors and bankruptcy attorneys to see if debt relief might be right for you.

BOTTOM LINE:

Know how your debt compares with your income and use that perspective to understand which approach is the most logical.

> **"Realize how uncomfortable you are with your debt and that it's in your power to make changes."**

HOW IS YOUR DEBT AFFECTING YOUR LIFE?

Think about how debt is impacting your life overall, says Thomas Nitzsche, media manager at nonprofit credit counseling agency Money Management International.

(continued)

“If your debt is something that is hanging over your head and you’re worrying about it constantly, that’s something you should address,” he says. Any debt that affects your mental health or significantly diminishes your quality of life is a bad debt.

Nitzsche advises taking an honest look at your situation and making a plan to resolve debt through a payoff approach like debt snowball — focusing on your smallest debts first — or by seeking debt relief. “Realize how uncomfortable you are with your debt and that it’s in your power to make changes.”

BOTTOM LINE: **Debt doesn’t have to rule your life. If you’re feeling overwhelmed, take the first steps to resolve your obligations.**

The article Is Your Debt ‘Good’ or ‘Bad’? It Depends was written by NerdWallet and was originally published by The Associated Press.

SEAN PYLES is a debt writer at NerdWallet whose work has appeared in *The New York Times*, *USA Today* and elsewhere.

How to Actually Achieve Your Debt Payoff Resolution

BY SEAN PYLES

A lot can happen in a year. You can get a new job, pick up a new hobby or, just maybe, you can finally pay off your debt.

Many people have the motivation to tackle that last one: The average U.S. household with revolving credit card debt has an estimated balance of $6,849, costing an average of $1,162 in annual interest, according to NerdWallet's 2019 household credit card debt study.

If you hope to dig out from debt in the new year, boost your chance of success. Start with some smart groundwork, then focus on what's driving your goal and what you can achieve monthly.

SET YOURSELF UP FOR SUCCESS

Before you set your specific debt-payoff goal, lay the groundwork so you can achieve your ambitions.

This means at least roughing out a budget and getting to know the details of your debt. Look through your bank statements to see how much money you have coming in and where it goes monthly. Separately, put together a list of your debts, including their balances, monthly payments and interest rates.

"In many cases, people don't have a budget at all, or it's been a while since they paid attention to their expenses," says Lauren Anastasio, a certified financial planner at SoFi, an online lender. "The reason [a budget] is so important is it's the way to really be honest with yourself."

> **The reason [a budget] is so important is it's the way to really be honest with yourself.**

And when drafting your budget, don't skip monthly savings because you're laser-focused on debt. Tania Brown, a Georgia-based CFP with Financial Finesse, calls savings "debt-free insurance." Her advice: "Make sure you have at least $1,000 in savings" before diving head-first into debt payoff. "If you don't have savings, the first unexpected expense can put you back into debt."

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Look at what money you have left after covering basic expenses (housing, utilities, etc.) as well as savings and minimum debt payments. That's the amount you can funnel toward accelerating debt payoff.

MAKE A RESOLUTION YOU CAN ACHIEVE

Now that you have a detailed understanding of your finances, use it to craft the right goal for your circumstances — and understand what motivates your debt payoff.

Rather than focusing on the grand total of what you owe, center your goal on what you can pay monthly. That way, you can create a resolution that works for your budget. If you owe $10,000 in credit card debt, but you can afford $500 a month toward your debt, you'll still be able to pay off $6,000 over the course of the year.

"Maybe paying off your debt in one year isn't a realistic goal," says Paul Golden, managing director of communications at the nonprofit National Endowment for Financial Education. "Have a realistic expectation so you don't get frustrated if you can't actually achieve that."

With your numbers in order, turn inward for a little self-reflection. Ask yourself what life goals are motivating your payoff resolution.

"If you don't have a compelling reason why you're paying off your debt, you won't have the discipline to pay it off," Brown says. "Think about what this debt is not allowing you to do and what you would do with that money you're paying toward your debt."

> **"Think about what this debt is not allowing you to do and what you would do with that money you're paying toward your debt."**

TAKE ACTION

Find a debt-payoff strategy that works for your personality and your debt. Here are a couple of common methods:

DEBT SNOWBALL: With this method, you pay off your smallest debts first. Focus all the additional money you're putting toward debt reduction on your smallest debt balance while paying minimums on the rest. When the first debt is wiped out, roll what you paid toward it into the next, much like a snowball rolling downhill. The debt snowball is a good option if you have multiple debts and want quick wins to stay encouraged.

DEBT CONSOLIDATION: Paying down high-interest credit cards and have a high credit score? You might be a good candidate for a balance transfer credit card. Many of these cards have promotional periods with 0% APR. You'll be able to pay off transferred balances faster because all of your payment goes to debt rather than interest.

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Whichever method you choose, try to make hitting your monthly payoff goals easier for yourself by automating payments. The less effort it takes for you to pay off your debt, the easier it will be to achieve your resolution.

The article How to Actually Achieve Your Debt Payoff Resolution originally appeared on NerdWallet.

SEAN PYLES is a debt writer at NerdWallet whose work has appeared in *The New York Times*, *USA Today* and elsewhere.

How to Get Traction on Paying Off Your Credit Cards in 2020

BY KIMBERLY PALMER

After Ashli Smith, 23, graduated from college last May, she wanted to pay off her credit card debts as soon as possible. She opted for the debt snowball method, or paying off the smallest debts first.

That meant starting with a $90 debt for headphones before moving on to a $1,500 credit card balance and then finally a $6,000 one. “You keep going with momentum,” she says.

Like Smith, many Americans are looking to pay off debt in the new year. According to NerdWallet’s latest credit card statistics, the average household with this type of debt owes about $6,849.

Using the debt snowball method can be a smart choice: Recent academic research shows that paying off smaller balances in full before moving on to the next balance can keep people motivated and on track.

The other primary strategy, the debt avalanche method, focuses on paying off the highest-interest-rate debts first. It’s a mathematically sound approach, but one that can be harder for people to stick with because they may have to wait longer to celebrate paying off balances in full.

Still, the right approach for you depends on your situation and personal preferences. Here are some tips on how to achieve your 2020 debt payoff goals.

1 CHOOSE A PAYOFF STRATEGY BASED ON YOUR PERSONAL SITUATION

There’s a reason the debt snowball method is popular.

“People tend to treat paying off individual debt accounts as subgoals towards an overall goal of getting out debt, which means paying off individual debts creates a more powerful, tangible

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sense of progress than paying the same amount of money towards a larger debt," says David Gal, professor of marketing at the University of Illinois at Chicago, who has authored research on the topic.

But priorities and preferences differ widely. Sam Boyd, a certified financial planner and senior vice president of Capital Asset Management Group, a financial planning firm, says he likes to plug clients' total debt numbers and interest rates into a calculator so he can quickly see how long it will take them to pay off their debt based on how much they are paying each month.

Some clients want to prioritize paying as little interest as possible, while others are more focused on the number of months it will take them to become debt-free. Talking through those numbers helps them pick between the debt snowball and debt avalanche approaches, he says. "It's about personal preference," he adds.

> **Sometimes, sharing your goals with friends or family members can make it easier to stay on track.**

2 HOLD YOURSELF ACCOUNTABLE

Sometimes, sharing your goals with friends or family members can make it easier to stay on track.

"If you have a goal and it's in your head, it's just an idea, but if someone else hears about it, you have more accountability," Boyd says.

3 FIND EXPENSES TO CUT — BUT DON'T GO TO EXTREMES

In addition to living at home with her parents in Queens, New York, after graduation, Smith — who tweets under the "Bad Girl Finances" handle — also decided to cut her fast-food budget to just $40 a month.

"I made sure I ate at home and carried food to school or work or whenever I needed to," she says.

But, Smith says, it's OK to splurge on some things to avoid burnout. "I would still go to the movies or go out to eat, but just once a month. So I was still happy but also still paying off debt," she says. "If you only pay off debt and buy nothing else, it can make you feel like you want to give up."

4 REWARD YOUR PROGRESS

Smith recommends taking a moment to congratulate yourself on your progress and celebrate those smaller wins along the way to becoming debt-free.

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"It's not easy, and you should be proud of yourself," she says.

She says each time she paid off a debt in full, she would take a close look at her remaining debt to stay on track, and then sometimes indulge in one of those monthly restaurant trips.

5 BUILD UP YOUR EMERGENCY FUND

Once you pay off your debt, the next step should be making sure you don't accumulate it again. Boyd says one of the best ways to do that is to build an emergency fund, which you can use instead of a credit card to cover unexpected expenses.

"If you're paying $2,000 a month toward your debt, then when you pay it off you will have $2,000 a month in free cash flow that you didn't have before — that is an incredible windfall that you can put toward another priority like an emergency fund," Boyd says. "That is the light at the end of the tunnel."

The article How to Get Traction on Paying Off Your Credit Cards in 2020 was written by NerdWallet and originally published by *Forbes*.

KIMBERLY PALMER is a credit card and personal finance expert at NerdWallet. She has been featured on the "Today" show and in *The New York Times*.

GET CREATIVE WITH CREDIT


Baby Steps Can Get Your Credit Life Rolling

BY AMRITA JAYAKUMAR

You may have been avoiding the world of credit because you don't want one more thing to worry about. But it doesn't have to be complicated. Taking these baby steps can help you build a good credit score.

KNOW WHERE YOU STAND

You may be surprised to know you already have a credit score or that you have items listed on your credit reports, like student loans or an auto loan.

CHECK YOUR SCORE: Many apps, websites and banks offer free credit scores. A credit score is a three-digit number based on how you've handled borrowed money in the past. Where you fall on the basic 300-850 scoring range will determine how easily you can get credit.

CHECK YOUR CREDIT REPORTS: These data files hold your track record with borrowed money, and they're used to calculate your score. Three major credit bureaus gather that data, Equifax, Experian and TransUnion. You can request one free annual credit report from each, says Christine Centeno, a certified financial planner at Simplicity Wealth Management near Richmond, Virginia.

PICK A STARTER CREDIT PRODUCT

Once you know where you stand, look for a card or loan that's easier to qualify for when you're new to credit.

SECURED CREDIT CARD: Secured credit cards require an upfront security deposit, typically a few hundred dollars. The deposit also acts as your credit limit. You don't need to charge much to the card; use it to show responsible credit behavior by paying on time and in full each month.

"Start paying one-time and recurring bills with your newly obtained secured card — think Netflix or a cup of coffee," Centeno says. Making small charges on the card ensures you do not use up a lot of your available credit. A big part of your credit score is based on how much of your credit limit you use on any card; experts say to use less than 30%, and less is even better.

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RETAIL CARDS: If you shop at a particular store often, consider applying for the in-house credit card. "Retail credit cards are normally pretty easy to get, but they come with high interest rates so it's very important they are paid off every month," says Heather Townsend, a certified financial planner at Townsend Financial in Scottsdale, Arizona. Also, the credit limits tend to be low, so remember the guideline not to use more than 30%.

CREDIT-BUILDER LOAN: As its name suggests, this loan — typically offered by credit unions — is designed to help you build credit. You apply for a loan, but the money is deposited into a savings account that you can't touch until the loan is paid off.

The lender reports your monthly payments to the credit bureaus. Repay the loan as agreed and you kill two birds with one stone: build a credit history and get a lump sum of money at the end.

BEEF UP YOUR CREDIT HISTORY

Having more positive information on your credit reports can help you build credit.

AUTHORIZED USER: If you have family members or friends with good credit, ask them to add you as an authorized user on a credit card. Check that the card issuer reports authorized user accounts to the credit bureaus. This adds their long credit history to your credit reports, which can help your score, but you are not responsible for making payments.

There's no rule of thumb for when you should stop being an authorized user, Townsend says. If you are brand new to credit, she suggests staying on as a user for at least five years, assuming you also manage other credit or loans responsibly in that time.

RENT REPORTING: "Ask your landlord if they report your payments to credit bureaus," says Eric Roberge, a certified financial planner and founder of Beyond Your Hammock in Boston.

Many landlords do not, so Roberge suggests using rent-reporting services, which charge a fee to report your rent payments to the credit bureaus.

KEEP IT SIMPLE

Pick a credit-building tool and stick to good habits: pay on time and keep balances low.

"Don't feel like you have to take out a lot of new credit at once, or get different types of credit just for the sake of building your score," Roberge says. "Using just one card will help you build a positive credit history without overwhelming you."

> **Don't feel like you have to take out a lot of credit at once . . .**

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The article Baby Steps Can Get Your Credit Life Rolling originally appeared on NerdWallet.

AMRITA JAYAKUMAR is a writer at NerdWallet. Amrita writes about credit scores and credit reports for NerdWallet. She previously worked at *The Washington Post* and *The Miami Herald*.

Smart Ways to Establish Credit in 2020

BY AMRITA JAYAKUMAR

Dipping your toe into the world of credit? You're in luck: There are more ways to establish credit now than there were in decades past.

You build your credit score by adding positive information to your credit reports, which are files of financial data about you. These files are compiled by the three major credit bureaus, Experian, Equifax and TransUnion. Lenders, landlords and employers may check one or more of those files while reviewing your application.

Here are three well-known ways to establish credit, plus some new products designed to give you a leg up.

TRADITIONAL CREDIT-BUILDING TOOLS

These three approaches can quickly build your credit.

AUTHORIZED USER: Ask someone with good credit habits to add you as a user on their credit card. They don't have to let you use the card; just being added to the account is enough.

PRO:
You can benefit from their credit history.

CON:
Not all card issuers report authorized user activity to the bureaus, so check that first.

SECURED CREDIT CARD: These cards are relatively easy to qualify for because they require an upfront deposit.

PRO:
Payments are usually reported to all bureaus.

CON:
Your credit limit is typically small.

CREDIT-BUILDER LOAN: These help you improve your credit and save at the same time.

PRO:
Payments are usually reported to all bureaus.

CON:
Your cannot access funds until you've paid back the loan.

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NEW TOOLS THAT CAN HELP

Qualifying for credit when you are new to credit is tough. These new tools try to recognize or reward you for paying bills that don't normally factor into your score.

RENT REPORTING: Paying rent is traditionally not counted toward your credit score. But many companies, including Rent Reporters, RentTrack, Rock the Score, and CreditMyRent, will let you or your landlord report your rent payments to the bureaus.

PRO:

- You can opt in or out of having rent reported.

CONS:

- Not all credit score models incorporate the data. The widely used FICO 8 scoring formula doesn't consider rent. But VantageScore, FICO's competitor, does.
- Reporting companies charge a monthly fee of $6.95 to $9.95 and a one-time enrollment fee of $25 to $95.
- Some companies report payments to only one or two credit bureaus. You want payments reported to all three.

EXPERIAN BOOST: This free service lets you add on-time cell phone and utility payments to your Experian credit report. This information, which is not typically counted toward your score, is used to calculate your FICO score and can push it up higher.

PROS:

- You don't need to qualify for Boost. As long as you pay utility and cell phone bills through your bank account, that information can be added to your Experian report.
- Only on-time payments are added. This is different from how credit usually works, where both on-time and late payments go on credit reports.

CONS:

- Payments show up only in your Experian credit report, not the other two.
- You have to let Experian's data partner scan your bank account transactions.
- Lenders unfamiliar with this new product may interpret your utility and cell phone information as part of your debt load, which affects your chances of qualifying for credit. Experian is "working with lenders to ensure they understand these positive payments," spokeswoman Amanda Garofalo says.

ULTRAFICO: This new score is not yet widely available, but FICO says it will roll out this spring. Unlike the traditional FICO score, UltraFICO takes into account how much you have in savings, how long your bank accounts have been open and how active they are.

If you cannot qualify for a credit product with your score, you can ask lenders to pull your UltraFICO and give you a second shot.

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PROS:

- Free.
- Rewards responsible spending and saving.

CONS:

- You have to let FICO's data partner scan your bank account transactions.
- You cannot see your UltraFICO score unless you've been rejected.

EXPERIAN LIFT: Experian is also working on a new credit score, meant for lenders, that uses nontraditional data to paint a finer picture of your finances. The data includes on-time rent payments, payday loans, prepaid cards, check cashers and public records such as evictions and professional licenses, Experian says. It also looks at whether you pay your bills in full or minimums.

"Lenders can use the new score as their primary score, as a second-chance score (for loan application declines) … or as an overlay to an existing score to create a more complete picture of a person's creditworthiness," says Alpa Lally, vice president of Experian Data Business.

Experian Lift will roll out to lenders early this year, she says.

PRO:

- Considers data from financial institutions that don't usually report to the major credit bureaus.

CONS:

- You cannot see your Lift score unless you've been rejected.
- You cannot opt in or out of sharing your data.

The article Smart Ways to Establish Credit in 2020 originally appeared on NerdWallet.

AMRITA JAYAKUMAR is a writer at NerdWallet. Amrita writes about credit scores and credit reports for NerdWallet. She previously worked at *The Washington Post* and *The Miami Herald*.

How to Use Your Tax Refund to Polish Your Credit

BY BEV O'SHEA

If you're looking to build credit or help your score recover from past mistakes, a cash infusion can help — especially if you know where to target it for maximum impact.

About half of Americans expect an income tax refund this year, according to a NerdWallet survey of 2,002 U.S. adults conducted by The Harris Poll. Those expecting a refund estimated they will receive $2,207, on average.

A couple thousand can make a big improvement in your finances. Here's how to use a refund to polish your credit.

DIVIDE UP YOUR REFUND

First, figure out how much of your refund you want to assign toward building credit.

It's OK not to use every last nickel of your tax refund for responsible, un-fun purposes. Financial coach Rick Zwelling of Right Path Financial Coaching in Columbus, Ohio, recommends a little splurge — perhaps a night on the town. "We don't want to live in permanent austerity," he says.

Bruce McClary, vice president of public relations and communications at the National Foundation for Credit Counseling, recommends using about two-thirds of a refund for credit building or debt repayment. Split the remaining money between fun and savings.

Keep in mind, building savings can protect your credit.

McClary points out that many consumers don't have cash available to cover an unexpected expense of $400. Even a small savings cushion can help handle surprise expenses without running up credit card balances. Keep adding windfalls like tax refunds, raises and bonuses to build enough to cover minimum payments in the event of an emergency like losing your job.

Even a small savings cushion can help handle surprise expenses without running up credit card balances.

DEPLOY YOUR CREDIT-BUILDING FUND

Once you've settled on how much to spend on spiffing up credit, you need to figure out how to apply it.

The first step is to check your credit reports for accuracy, say both Zwelling and McClary. You may find an error that's holding down your score. Request free annual credit reports from the three major credit bureaus by using annualcreditreport.com, then dispute any errors you find.

Your next steps after that depend on whether you're a credit newbie or have an established history:

IF YOU HAVE ESTABLISHED CREDIT

Bring all accounts current. While you're reviewing your reports, make sure you're up to date on payments on every account. If not, catching up on late payments is the first priority because these hurt your credit score the most.

Prioritize debt payoff. If you carry balances on credit cards, you can help your credit by whittling them down. Here's how:

- Target cards where your balance exceeds 30% of the limit. After paying on time, the next-biggest factor in your credit score is how much of your credit limits you use. McClary recommends keeping all cards under 30% of their limits — and going lower is better for your score. Signing up for a free credit score on a personal finance website is an easy way to see your credit utilization for each card and overall.
- If you have multiple small balances, you could zap those. Seeing debts disappear can be motivating, Zwelling says. And eliminating small balances on several cards can help your credit.
- Not carrying balances month to month? Think about reducing the highest-interest debts first. Zwelling says you'll pay less in overall interest that way.

IF YOU'RE A CREDIT NEWBIE

If you're hoping to use your refund windfall to establish credit, consider a secured credit card. You make a deposit when you apply, and in many cases, your credit limit will be equal to your deposit. Because your deposit cuts the risk to the lender, these are easier to qualify for than unsecured cards.

When choosing a card, check the terms and conditions or call the issuer to verify it will report your account activity to the three major credit bureaus, Equifax, Experian and TransUnion. Also, ask if the issuer will let you "graduate" to an unsecured card after a certain number of on-time payments.

Once you have a secured card, use only a small portion of your credit limit and pay on time. You should have established a FICO credit score in about six months, and a VantageScore much sooner than that.

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AVOID COMMON PITFALLS

If you have an old debt collection on your credit reports, proceed carefully. Zwelling cautions against paying unless you can pay in full. Otherwise, he says, activity on the account could turn old history into a current problem.

And if you zero out credit card balances, be aware that closing a credit card can hurt your score. That's because it reduces the average age of your accounts and overall credit limit. If you're tempted to close an account since you don't expect to use it again, you may want to reconsider.

The article How to Use Your Tax Refund to Polish Your Credit originally appeared on NerdWallet.

BEV O'SHEA is a consumer credit expert at NerdWallet. Her work has been featured by *USA Today* and The Associated Press.

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