

## Tips For Your Credit-Smart Teen



What could be scarier than your teen driving for the first time? A teenager with a credit card! As vulnerable teens increasingly obtain credit cards without really knowing how to responsibly use them, Family Foundations recommends parents take action now to show teens the value of a good credit history and smart credit tips.

- **Consider starting your teen off with a credit card tied to your account.** Not only will your teen inherit your good credit rating, but it will also allow you to see how much they are spending. Consider having your teen only use the credit card for emergencies to start with, and then encourage only charging what can be paid off in full when the bill arrives. This hopefully will curb your teen from taking advantage of the credit card, as it is very easy to let charging get out of control.
- **Set limits and review monthly statements.** Give your teen a maximum amount that can be charged to the credit card each month. When the bill arrives, sit down and review your statement with them so that you can make sure they understand how to read them. You also can show them how fast charges appear after swiping the card as well as point out the accrued interest if the bill is not paid in full each month.
- **Teach your teen to be aware of the risks of credit fraud.** Identity theft and credit card fraud have become very serious issues. There are nearly 700,000 consumer fraud and identity theft complaints in the United States every year. Fortunately there are ways to protect your credit including never letting someone borrow your credit card or leaving your card or receipts lying around for anyone to see. Also never give out your credit number unless you know it is a legitimate company or organization. When in doubt, don't give it out.
- **Calculate payments.** Find a payoff calculator on the Web and show your teen how long it will take to pay off their credit card if they carry a balance from month to month. Since credit cards have very high interest rates, teach your teen that paying the minimum payment will keep the debt growing – even if no other purchases are made. Visit [www.debtadvice.org](http://www.debtadvice.org) for calculators and other helpful resources.
- **Explain to your teen why maintaining good credit is very important.** How you handle credit today will affect your access to credit later. In addition to banks and credit card companies that pull your credit reports, certain utility companies and even property management companies also pull your credit reports whether you're opening a credit card, applying for a loan, purchasing a home or a car, renting an apartment or signing up for utilities. One great way to help ensure good credit is to pay the bills on time. As a consumer, you and your teen are individually entitled to a

free copy of your credit report every 12 months. You can order your free credit report at [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 1-877-322-8228.

- **Hold back on rescuing your teen.** Try as hard as you can not to bail out your teen who may have spent more than they can pay. Instead, offer to visit a credit counselor with your teen to encourage reaching out for help when in financial trouble. Help is available.

**Family Foundations** stands ready to help. To reach us, call (904) 396-4846 or go online to [www.familyfoundations.org](http://www.familyfoundations.org).

### **About Family Foundations**

You don't have to solve your financial problems alone. Family Foundations has trained and certified credit counselors who offer financial management and debt reduction services. Family Foundations is a nonprofit, community-based organization and a Member of the National Foundations for Credit Counseling (NFCC). For more information on Family Foundations, call (904) 396-4846 or visit [www.familyfoundations.org](http://www.familyfoundations.org).