

CC&BC Educational Series: Reestablishing your Credit: a Step-by-Step Plan

The following steps can help get you back on sound financial footing.

Step One: Check and Repair your Credit Profile

The first step in the rebuilding process should be to check and repair your credit report. Your credit report is the first thing that any lender will look at to approve you for a loan, and it is best to know what your credit looks like so that you can explain or fix any problems which may crop up.

Step Two: Create and Stick to a Budget

Create a budget by first identifying your sources of income, including your salary, social security or pension benefits, child support or alimony, and interest and dividends on your savings and investments. The next step in taking control of your spending is to identify your expenses - - all of your expenses. And don't forget bills that only come due every few months or so, such as car insurance. If your expenses exceed your income, you need to change one or both. Consider cutting some discretionary spending, taking on a second job, or moving to a less expensive area.

If you "break the budget" do not become discouraged, start fresh. Look at your budget as a friend and not as a punishment. It can guide you back to financially secure ground. Soon your monthly budget will become a way of life.

Step Three: Establish Good Credit

Pay all your bills on time - regardless of what is going on in your personal life, it is important that you pay your bills on time and balance your checkbook carefully. If you excessively bounce checks and pay finance charges, this may be reflected in your credit report.

Be aware that some lenders may accept non-traditional credit such as your electric, phone and other utility bills, as well as Insurance premium payments or any other regular monthly bills. You may be required to show on-time payment with the check itself, both front and back.

Step Four: Establish Savings

Setting up an emergency fund is the best way to prepare for any future financial setbacks. Consider the amount of money you need to pay your bills for housing, food, insurance, medical care, and other necessities for six months to a year. Then work at saving small amounts each month until you have an emergency fund equal to the amount you would need to cover six months to a year's worth of living expenses. Resist the urge to tap into this money unless you are facing a real financial crisis.

Step Five: Get Assistance

Rebuilding your financial life requires planning, hard work and discipline. If you can't seem to manage on your own, contact your qualified counselors at Consumer Credit and Budget Counseling.

A Non-Profit, Multi-State Licensed, Bonded, Consumer Education and Financial Counseling Agency

299 S SHORE RD, US RTE 9 S
MARMORA, NEW JERSEY 08223

14104 58TH STREET NORTH
CLEARWATER, FL 33760



PH: (888) 738-8233 (609) 390-9652
FX: (888) 738-8234 (609) 390-9653
E-MAIL: help@cc-bc.com