

# Let's Talk Finances

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## Reading Your Credit Report



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If you have been following this column for the last few weeks, you should be on your way to getting your financial life in order in 2020. In our past articles, we explained why your credit history matters and gave you advice on how to obtain a copy of your credit report. Now that you have it, you may have questions on what some of the information means. Here's a good place to start.

### **What's a credit report?**

A credit report is a summary of your credit history. It lists personal information (name, address, Social Security number), payment history on credit accounts (such as mortgages, student loans, or credit cards), and public records (like if you've filed bankruptcy). Read the report carefully. Make sure the information is correct:

- Personal information – are the name and addresses correct?
- Accounts – do you recognize them? Is the information correct?
- Negative information – do you recognize the accounts here? Is the information correct?
- Inquiries – do you recognize the places you applied for credit?

### **What if you don't have a credit report or your report is blank?**

You might not have a credit history if you haven't had a credit card or ever taken out a loan. To build a credit history, you'll need to open the types of accounts that are included in a credit report. Here are a couple suggestions:

- Get a credit card with a low limit, use it to pay one type of expense, and pay it off each month. For example, use it to fill your car with gas, and make sure to set the amount you charge aside so that it's available when your payment is due.
- If you don't qualify for a regular credit card – even with a low limit – you can apply for a secured card. With this type of card, you make a deposit with the issuing bank that is equal to your credit limit. After a few months of on-time payments, you can usually get your deposit back and keep your credit limit.

If you pursue any options to establish a credit history, keep in mind that you will need to make your payments on time. If you don't, it could end up hurting your credit rather than helping it.