



your money  
★ your life

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# MAKE HISTORY

## HOW A POSITIVE CREDIT HISTORY CAN OPEN UP DOORS

Unless you're a millionaire, one day you'll need a loan to buy something big like a car or a house. To do this, you'll need a positive credit history. Think you're too young to worry about your credit history? Think again. The earlier you learn good credit habits, the better. **Follow these tips:**

### 1 Limit your credit.

For many young people, the first type of credit you'll have is a low-rate credit card. When you get your first credit card, use it cautiously. Remember, the primary reason for having a credit card is to establish a positive credit history. This isn't free money, you'll have to pay it all back, plus interest.

### 2 Pay your bills on time.

Most lenders charge a late fee when your payments aren't made on-time. This will cost you money and may even increase the amount you must pay on interest. Also, payments later than 30 days past due can adversely affect your credit history.

### 3 Avoid minimum payment temptation.

When you receive your credit card statement, you'll see two numbers that jump out at you: your balance and your minimum payment. Pay the entire balance whenever possible. By only making the minimum payment, your interest charges will begin to add up, putting you into debt.

**For more information on establishing a positive credit history, visit [www.ElementsofMoney.com](http://www.ElementsofMoney.com).**

★ THE CREDIT ISSUE ★

★ BEST PRICE ★

★ LOW-% ★

CREDIT

A credit history is basically a way for a lender to decide whether they can trust you to pay back the money you borrow from them.

★ sale% ★

MONEY

BUY

BIG SALE

BUY

75%

75%



# the truth about... DEPARTMENT STORE CREDIT CARDS



If you've ever been shopping, you've probably heard a cashier ask, "would you like to open up a [store name] credit card and save ten percent?" Sounds like a pretty good deal, right? Not necessarily.

A ten percent discount doesn't amount to much when you compare it to the interest rate most department store credit cards charge—often between a 20-30 percent annual percentage rate. With that kind of rate, it's easy to spend more on interest than on the item you bought.

**Long story short:** Don't be tempted to apply for a card just for a discount. Look for cards with low interest rates and pay off your balance to build a positive credit history.

The 5th Annual

## Tweet for College Scholarship



A SCHOLARSHIP ESSAY CONTEST  
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**FEATURING \$2,000 IN  
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The Tweet for College scholarship is open to high school juniors and seniors around the U.S. who belong to the Elements of Money program. There are four \$250 scholarships—one given every two weeks beginning on January 15, 2014 and ending March 15, 2014—and one \$1,000 first place scholarship to be awarded to an overall winner.

For essay topic and official rules, visit  
[www.ElementsofMoney.com](http://www.ElementsofMoney.com)

## When Celebrities Hijack your wallet!

IT'S COMMON FOR CELEBRITIES TO ENDORSE THINGS LIKE SOFT DRINKS, PERFUME AND SNEAKERS. NOW, THERE'S A NEW TYPE OF CELEBRITY ENDORSEMENT: PREPAID DEBIT CARDS.



Lil Wayne, Magic Johnson and even Justin Bieber are among the celebrities who offer endorsed cards to fans. Before you run out and sign up for one, there are two things to consider:

> **High fees.** Celebrities get paid big bucks to attach their name to a debit card. Guess who pays the bill? Cardholders. In addition to high monthly fees, these cards typically charge for things like deposits, purchases, and ATM withdrawals. The Bieb's card even has a fee if you don't use your card for three months.

> **You can't build a credit history.** Debit cards aren't the same as credit cards, so they can't be used to build a credit history. Credit agencies (companies that gather your history), have said they don't include prepaid cards in their credit reports.

### What's a prepaid debit card?

A card with a pre-deposited balance that can be used like a regular credit card. Because the money is already loaded onto the card, it functions like a gift card.



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