



Free Credit Reports – Your No-Cost Annual Holiday Gift

It's the most wonderful time of the year...for looking at your credit report. This may not seem as fun as shopping or as exciting as holiday parties, but it can make your life easier and save you money during the rest of the year. Reviewing your report is also an easy way to see if those pesky identity thieves are helping themselves to your credit.

Get your reports

Thanks to a recent law, pulling your report is as easy as online shopping, but with no credit card involved. The US government has mandated that you can see your credit information for free one time each year. Think of it as their gift to you – just go to annualcreditreport.com to claim your prize. Fill out the information requested by each of the three credit reporting companies – Equifax, TransUnion, and Experian – and you can see your credit report online or print it for future enjoyment. You can request all three reports at once, or spread out the joy by requesting each report separately during the year.

Your credit report may be a little difficult to understand at first. Google “understanding your credit report” to find lots of different articles about how to figure out what your credit report is really telling you. Try the Sallie Mae link to see a great example of a credit report and how to read it.

How your report can affect your life

Credit reports contain information about your credit history. A good credit history makes it easier to get a loan, especially at a good interest rate. The bank rewards you for good behavior by giving you a better interest rate (i.e. charging you less money to borrow their funds) since they think you will repay the loan.

Credit reports can be used for more than just car loans and mortgages. How you repay your credit can be used as an indicator of your future behavior. Applying for a job? You might be asked to give your permission for both a drug test and a credit check. Shopping around for car insurance? Your credit report may be used to determine your insurance premium. Getting odd collection calls? Check your credit report to confirm that you actually requested the credit. If you didn't, someone else might be having a really great time pretending to be you while they wreck your credit report.

How to change it

The three credit reporting companies make their money by monitoring your credit. Just like Santa, they make a list and check it twice, looking for when you have been naughty and nice. Credit reporting must show both your good and bad credit activities so anyone viewing your report gets both sides of the story. Don't like the story you are seeing? There are ways to improve your report, but it will take time and effort.

If you see something on the report that is incorrect, write to the credit reporting company to dispute the information. To make this easy, go to the FAQ section of the annualcreditreport.com website to see a sample

dispute letter. If the negative information on your report is true, you will need to do some at-home credit repair. Make sure you pay your bills on time – setting up automatic bill paying can help with this. Avoid the temptation to get 10% off your next store purchase by applying for the store credit card – opening lots of new accounts can negatively affect your credit. Show that you are developing good credit habits by charging something on a card and pay it off that same month.

Ironically, the best time to look at your credit report is when you don't need to borrow any money. Take advantage of this free gift from the government and go to annualcreditreport.com to take a look at your reports. It may be the best reading you will do this year!