

FOUNDATIONS
OF CREDIT
Guidebook

MAX
by AccessLex®

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WHAT YOU'LL GET OUT OF THIS GUIDE

Understanding credit and how you can make it work for you is an important skill to develop to ensure financial independence. This guide will give you the tools you need to establish and maintain a healthy credit lifestyle.

As a law student, credit reports and credit scores can impact your life in many ways:

- › In some states, the Character and Fitness portion of the bar exam can include a review of how you've handled your financial obligations.
- › Security clearances and employment background checks may also include a review of your credit history.
- › Credit scores drive interest rates, loan approvals and insurance rates. (Examples: bar study loan, business loan, mortgages, or business insurance.)
- › Rental approvals may include a credit history review and credit score check.

Here are some of the questions that will be discussed in this guide:

- › Why do your credit history and credit score matter?
- › What is the credit system?
- › What is the difference between secured and unsecured credit?
- › What type of credit card is right for me?
- › How do I find my credit report and credit score?
- › How is my credit score calculated?
- › How can I improve my credit score?
- › What do I do about errors on my credit report?
- › How do I avoid identity theft?
- › What credit strategy is best for me?

“The best preparation for tomorrow is doing your best today.”

H. JACKSON BROWN, JR.



THE CREDIT SYSTEM

UNDERSTAND THE CREDIT SYSTEM

In its most basic form, credit is an agreement between a borrower and a lender where a borrower agrees to pay back the money made available to them from the lender at a later time — usually with interest.

Your credit profile is all about your credibility — or your ability to be trusted to pay back the money you borrow. Obtaining and maintaining good credit is a key component of financial well-being.

THE ASAP OF CREDIT

A lender will assess if you have the **Ability, Stability, and Assets**, as well as monitor your **Performance** at repaying debts when you apply for credit.

When applying for credit, lenders assess the risk of lending to you by using data provided by credit reporting agencies in your credit history or report — a summary of your financial history. **(See chart for 5 key factors.)**

Lenders use this data to make objective decisions about lending to you. It allows borrowers to be considered based on the same criteria.

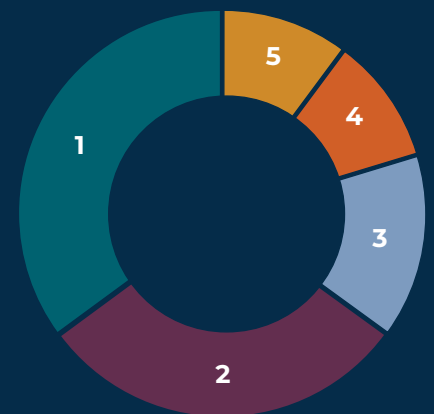


Your interest rate is then based upon your creditworthiness. The better your credit history, the lower your interest rate which allows you to pay less over time. The worse your credit history is, the higher your interest rate which causes you to pay more over time.

“If you don’t take good care of your credit, then your credit won’t take good care of you.”

TYLER GREGORY

5 KEY FACTORS OF CREDIT



- 1 Payment history
- 2 Utilization of credit
- 3 Length of credit history
- 4 Credit mix
- 5 Inquiries into credit

CREDIT SYSTEM PLAYERS



CONSUMERS

You and all those who purchase goods or services. Consumers need the leverage of credit to buy things that cost more than they are willing or able to purchase using their available cash.



MERCHANTS

Businesses that sell goods or services to consumers. Merchants tend to accept credit as a way for consumers to make purchases.



LENDERS

An entity that makes funds available for a consumer or business with the expectation those funds will be repaid — usually with interest. Lenders use credit scoring algorithms to assess your creditworthiness. The most commonly used credit scoring algorithm in the industry is the FICO score, developed and sold by the Fair Isaac Corporation.



FEDERAL GOVERNMENT

Through laws and regulations, the federal government protects consumers' rights when it comes to the credit market.



CREDIT REPORTING AGENCIES

Equifax, Experian, and TransUnion. This trio collects, analyzes, and sends information about consumers' credit histories.

TYPES OF CREDIT



INSTALLMENT CREDIT

- › Provides individuals with a loan that is paid back over a fixed amount of time until it is paid in full.
- › Can be secured or unsecured.
- › **Examples:** auto loans, student loans, personal loans, and mortgages



REVOLVING CREDIT

- › Allows individuals to access a line of credit that replenishes once the debt is paid.
- › **Example:** credit cards



OTHER NON-INSTALLMENT CREDIT

- › Any loan or bill paid in one lump-sum by a specified date.
- › Your payment history for debts like these may only show up on your credit report if you default on your debt.
- › **Examples:** monthly utilities and medical services



SECURED CREDIT

- › Debt backed by collateral, which is something of value pledged to secure a loan.
- › If the debt isn't repaid, the collateral will be repossessed or seized.
- › Lower risk due to collateral.
- › Interest rates tend to be lower due to lower risk.
- › **Examples:** auto loans with cars as collateral and mortgages with homes as collateral



UNSECURED CREDIT

- › Debt not backed by collateral.
- › Nothing to repossess or seize if not repaid.
- › Higher risk due to no collateral.
- › Interest rates tend to be higher due to higher risk.
- › **Example:** credit cards

TYPES OF CREDIT CARDS



BANK CARDS

- › Issued by banks, savings and loans, and credit unions.
- › **Examples:** Visa®, MasterCard® and Discover®



TRAVEL AND ENTERTAINMENT (T&E) CARDS

- › Similar to bank cards, but must be repaid in full each month.
- › Usually charge annual fees.
- › Typically provide generous points or reward systems.
- › **Examples:** American Express® and Diners Club®



MERCHANT CARDS

- › Offered by a specific merchant or business.
- › Typically can only be used for purchases by the merchant that issued the card.
- › **Examples:** major brands, stores, oil companies, and airlines



SECURED CREDIT CARDS

- › You provide the money to be used in advance. Only the money on the card can be used for purchases and payments replenish that credit line.



TIP

A secured credit card is a good way to establish credit or repair a bad credit rating. By borrowing your own money to make purchases and making regular payments, you can exhibit good credit behavior!



CHECKING YOUR CREDIT REPORT

Your credit report is a summary of your financial history as compiled by the three credit reporting agencies (Equifax, Experian and TransUnion) which collect your financial information from your creditors. Your credit report is reviewed whenever you apply for new credit.

GETTING YOUR CREDIT REPORT

Commit to checking your credit report from each of the credit reporting agencies at least once a year. The fastest and easiest way to request your free credit report is by going to AnnualCreditReport.com. You're allowed one free report every 12 months from each of these agencies—Equifax, Experian, and TransUnion.

While you can review all three at the same time, staggering your requests every four months allows you to monitor your transaction history and check to make sure it is free of mistakes, fraud and ID theft.

ACCESSIBILITY OPTIONS FOR CREDIT REPORT REQUESTS:

- › If you are visually impaired, according to the Americans with Disabilities Act (ADA), you can ask for your free annual credit reports in Braille, large print or audio format. Call toll free at 877-322-8228.
- › Those who have hearing difficulties can access TDD service by calling 7-1-1 and referring the Relay Operator to 1-800-821-7232 to request credit reports.
- › You may also request your credit report directly from the credit reporting agencies.

“Credit is like a looking glass, which, when once sullied by a breath, may be wiped clear again.”

SIR WALTER SCOTT

CREDIT REPORTING AGENCIES

EQUIFAX

P.O. Box 740241
Atlanta, GA 30374
1 (800) 685-1111
www.equifax.com

EXPERIAN

P.O. Box 4500
Allen, TX 75013-2104
1 (888) 397-3742
www.experian.com

TRANSUNION

P.O. Box 2000
Chester, PA 19022
1 (800) 916-8800
www.transunion.com

CREDIT REPORT

You will find specific information related to your credit history in your credit report. Be sure to verify the information listed to ensure it is correct.

PERSONAL IDENTIFICATION INFORMATION

- › Verify your personal information, including your legal names and addresses.

ACCOUNT HISTORY INFORMATION

- › Be sure that each account listed is yours and that the payment history is accurate. Be sure to check for possible duplicate or missing accounts.

PUBLIC RECORD INFORMATION

- › Verify that these entries are correct.

INQUIRIES (SOFT AND HARD)

- › Check out the companies that have requested access to your report. This section should only include companies you have applied with.

READING YOUR CREDIT REPORT

You may be surprised to see that your information is not the same at each of the three credit reporting agencies. This is because they each receive their information from different entities. Creditors may not report regularly. Utility bills, medical bills and merchant card accounts are not normally reflected on your credit report unless you are in default. Keep an eye out for any mistakes made on your credit report and acknowledge any tips the credit reporting agency displays for improving your credit report.

SOFT VS. HARD INQUIRIES

- › A soft inquiry occurs when you request a copy of your credit report, companies send prequalified credit offers, and/or current creditors monitor your accounts. Soft inquiries do not impact your credit score.
- › A hard inquiry occurs when you apply for credit, such as a loan or credit card. A hard inquiry does affect your score and can lower your score, especially if you have had several hard inquiries within a short period of time.

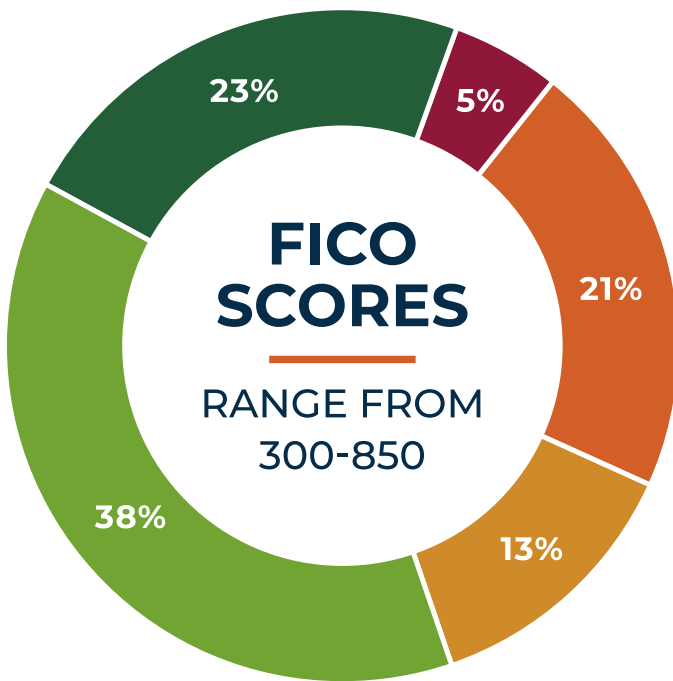


TIP

Too many hard inquiries all at once can signal to lenders you are in need of a lot of money, which can indicate poor money management.

GETTING TO KNOW YOUR CREDIT SCORE

Your credit score is a numerical risk assessment assigned to individuals to allow lenders to objectively consider your ability to repay your debts and is based on your credit history. The most commonly used score is the FICO score which is produced by the Fair Isaac Corporation though other scores may be calculated based on lender specific criteria.



USED IN APPROXIMATELY 90% OF CREDIT DETERMINATIONS
AVERAGE SCORE = ~710 **GOOD**



“In times past, your social security number was the most influential number known to man, however, there is a three-digit number that is giving the social security number a run for its money — the credit score.”

CORNELIUS J.



WHERE TO GET YOUR FREE CREDIT SCORE

There are plenty of resources that offer your score for free so that you do not need to pay to receive it.



DISCOVER CREDIT SCORECARD



CREDIT SESAME



CREDIT KARMA



CREDIT CARD



CREDIT REPORTING AGENCY



BANK



FINANCIAL INSTITUTION



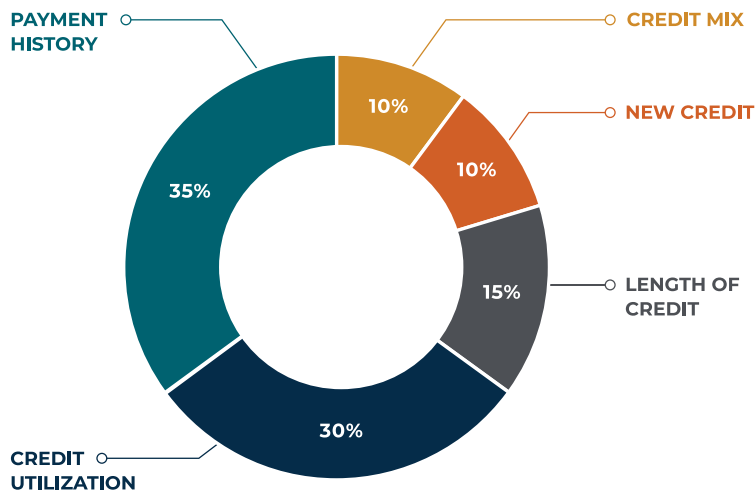
TIP

If you want to be sure you are seeing what your creditors are seeing, you can purchase your FICO score at [myFICO.com](https://myfico.com).



CREDIT SCORE COMPONENTS

Once you know where you stand with your score, knowing the five components that go into calculating your score is important so you can begin to strategize ways to build and maintain your score.



THREE BEST PRACTICES FOR STRONG CREDIT SCORES

KEEP IT ACTIVE!

- › Establish and maintain a mix of at least three installment and revolving credit tradelines, and always pay on time!



Credit reporting agencies refer to each credit account on your report as a **tradeline**. The tradeline activity associated with your account is used to determine your credit score.

KEEP IT LOW!

- › Lower debt balances on revolving lines of credit to below 30 percent.

KEEP IT UP!

- › You want at least six months of credit history and activity on your credit report at any time.

KNOW THE FIVE COMPONENTS

PAYMENT HISTORY

- › Pay your bills on time.
- › Set payment alerts or automatic payments.
- › Make at least the minimum monthly payment.

CREDIT UTILIZATION

- › Know your credit limit on all accounts.
- › Keep individual account utilization rates below 30%, and below 10% for highest scores.
- › Work on paying down debt.

CREDIT MIX

- › If taking on a student loan is your only current credit product, consider adding a credit card to the mix — and pay it off in full each month.

NEW CREDIT

- › Keep new credit applications to a minimum.

LENGTH OF CREDIT HISTORY

- › Identify your oldest credit card account, and keep it active.
- › Consider opening an account if you don't have a credit history yet, and can manage paying your balance in full each month.

NEW WAYS TO BOOST YOUR SCORE

With changes in technology, credit reporting agencies and developers are coming up with new services to assist consumers in raising their credit scores. Here are two programs:



EXPERIAN BOOST™

Launched in 2019, consumers can opt-in to get “credit” for their phone, utility bills, and popular streaming services they are already paying. The credit score is calculated based on the FICO® Score 8 model. The service has a theme of trended data analysis, and looks at the consumer’s banking account transactions, too. Experian Boost is free and is advertised that it can increase consumer credit scores fast. Among their claims is that this service can only increase a consumer’s credit score and will not decrease it.



ULTRAFICO™

A program that launched in 2018 in partnership with Experian and Finicity, this credit scoring model adds a new dimension to the process of determining credit risk — how you manage your money. It is an opt-in service and is designed to assist those with limited credit, or those looking to get back on their feet by providing them the opportunity to link their bank accounts. Financial behavior of trended data is viewed and can increase credit scores.



HANDLING ERRORS AND IDENTITY THEFT

Nearly one in four credit reports contain errors. Knowing how to correct them is key.

DISPUTING ITEMS IN YOUR REPORT

All three credit reporting agencies allow you to submit disputes online and in writing.

DISPUTING YOUR ERRORS ONLINE

- 1 While you're viewing your report online, click the link or button near the item you want to dispute.
- 2 Select the reason you feel the information is inaccurate.
- 3 Complete any additional steps required by the agency to finalize your dispute.
- 4 Print and save any documents the agency offers so that you have proof of your dispute for your records.

DISPUTING YOUR ERRORS IN WRITING

- 1 Send a dispute letter describing the error to the credit reporting agency including evidence. Be sure to select mailing options to track or confirm delivery of your packet.
- 2 Send a letter to the company that provided the information to the credit reporting agency, and include the same documentation.
- 3 Save copies of all letters, tracking information, and additional correspondence.



Look for a response from the reporting agency within 30 days. If the error is corrected, make sure all credit reporting agencies will be notified. And ask about sending corrections to anyone who obtained a copy within six months. If the error isn't corrected and you think that's a mistake, ask to add a statement about it in your credit file.

“We must accept human error as inevitable—and design around the fact.”

DONALD BERWICK



TIP

While online disputes might be easier, disputing in writing allows you to provide complete details, include supporting documentation, and maintain records of delivery and receipt.



TIP

Search online for “sample credit dispute letter” to find examples of what a dispute letter should look like. MyFICO and the Federal Trade Commission (FTC) have some good examples.

PROTECTING YOUR IDENTITY FROM THEFT

Reviewing and securing your financial accounts and credit helps protect your identity from hacks, breaches, and fraudsters. Monitoring your financial accounts, mail, and credit reports for any unusual activity, charges, withdrawals, or address changes is essential. Fraudsters use another person's identifying information without permission to commit fraud and other crimes. Information stolen can include name, identifying number, and credit card number(s).



DATA PROTECTION BEST PRACTICES

To protect your identity, consider these best practices:

- › Create complex passwords.
- › Use digital wallets.
- › Safeguard data. Lock and secure physical files.
- › Subscribe to credit services monitoring or fraud protection services.
- › Keep only what you need. Minimize places you store your private information.
- › Destroy before you dispose. Shred with cross-cut. Use software to wipeout hard drives. Copy machines can store — be sure to clear.
- › Set up account alerts.

DATA BREACH VS. HACK



BREACH

Data is unintentionally left unsecured and vulnerable to hacking as a result of malicious activity or from negligence.



HACK

Specifically refers to the activities of cyber attackers who purposely compromise IT infrastructure to steal information or hold systems ransom.



TIP

Data breaches themselves do NOT affect your credit score. HOW the stolen information is USED may affect your score.

OPT-OUT OF CREDIT OFFERS

Companies can solicit new credit card and insurance to you based on information contained in your credit report. These credit offers can come via mail, email, or phone call. Opting out of these offers limits companies' access to your credit report information.

TO OPT OUT:

- › Call 1-888-5-OPTOUT (1-888-567-8688) or visit www.optoutprescreen.com.
- › You can also opt-out directly through each of the credit reporting agencies.
- › If you receive calls from telemarketers, you can also remove yourself from those lists by calling 1-888-382-1222 or visiting www.donotcall.gov.
- › Note that while opting out of credit and insurance offers can help in minimizing identify theft, doing so will limit the prescreened offers you receive. These offers can be beneficial if you are in the market for credit products as it can help you compare costs and term to find the best product for your needs.

CREDIT MONITORING

Check your credit reports at least annually to resolve any errors and check for red flags, which include:

- › Wrong or misspelled name
- › Name of someone else that is like yours, and other information is mixed up with yours
- › Incorrect address(es)
- › Inquiries you did not initiate
- › Duplicate accounts

In monitoring your credit, also ensure that any adverse credit is removed from your credit report after the required time frame to remain on the report.



TIP

If you opt-out of credit offers electronically, your request is only valid for five years. You can always change your mind and opt back in through the website or phone number.



TIP

While you can and should monitor your credit yourself, credit monitoring services are also provided by the credit reporting agencies and other financial institutions. However, these services often require you to pay a fee.

CREDIT FREEZE

Placing a credit freeze (also known as a security freeze) on your credit reports prevents new accounts from being opened in your name. This service is offered free by each of the credit reporting agencies and has no impact on your credit score.

- › To set up a credit freeze with each of the three credit reporting agencies—Experian, Equifax, and TransUnion—visit each website to complete the process.



When you apply for any line of credit, including a Federal Direct Graduate PLUS Loan, private educational loan, or Bar Study Loan, be sure to lift the credit freeze when you apply. You can reset the credit freeze after you apply, and the credit decision has been finalized.

MONITORING YOUR CREDIT

As a recap, you can use credit monitoring, fraud alerts, credit freezes, and these other free or paid services to safeguard your credit against malicious behavior.

FREE SERVICES

- › Fraud alert
- › Credit Freeze
- › Credit lock
- › Police report/FTC complaint

PAID SERVICES

- › Credit monitoring services (usually offered for free after a hack)
- › Fraud protection services



TAKE, USE, MONITOR, CHECK

If you are or have been a victim of ID theft, consider these actionable steps to protect your identity moving forward:

TAKE

- › Take extra steps to protect your credit.

USE

- › If the company offers free credit monitoring, use it.

MONITOR

- › Monitor all three major credit reporting agencies on a regular basis.

CHECK

- › Frequently check your credit and debit card transactions.

ANALYZING YOUR CREDIT BEHAVIOR AND GOALS

When you monitor your credit reports and know the main components that make up your credit score, you see what your borrowing résumé looks like from an outsider’s perspective. Now you can review your credit reports to determine which categories need your attention. Break each item down into realistic actions you can take to improve your credit report and your score.

CONSIDER YOUR CREDIT GOALS

- › Do I want or need credit?
- › Could I be responsible with more lines of credit?
- › Am I having trouble paying on time?
- › What big purchases are on the horizon (ex. car or home)?

TAKE ACTION

Even while you are in law school you will want to take action and set your credit strategy. Consider your credit goals and analyze your financial behaviors. To help you with that process, implement a **Situation, Goal, Action** model to serve as a roadmap on your journey. The following pages show examples of this model depending on credit strategy.



“Before you can really start setting financial goals, you need to determine where you stand financially.”

DAVID BACH



TIP

Even if you think you have a “good” score, it’s important to monitor your credit.

ESTABLISHING CREDIT

SITUATION	GOAL	ACTION
<ul style="list-style-type: none"> › No (or low) established credit 	<ul style="list-style-type: none"> › Establish a credit tradeline (other than student loans, if applicable) 	<p>CONSIDER APPLYING FOR:</p> <ul style="list-style-type: none"> › A store credit card › A gas credit card <p>These types of cards can be good “first” credit accounts to establish your credit and payment history. Be sure to review all credit card offers and terms.</p>
<ul style="list-style-type: none"> › Denied major credit card application 	<ul style="list-style-type: none"> › Obtain a credit card 	<p>CONSIDER APPLYING FOR:</p> <ul style="list-style-type: none"> › A secured credit card <p>Contact your bank and use your own money as capital to obtain a secured credit card. This action can help you better establish your credit and payment behavior for when you are ready to reapply for a major credit card.</p>
<ul style="list-style-type: none"> › Limited credit 	<ul style="list-style-type: none"> › Build more credit history 	<p>CONSIDER:</p> <ul style="list-style-type: none"> › Signing up for Experian Boost to get credit for bills that typically do not factor into your score, such as cell phone and utility bills.
<ul style="list-style-type: none"> › Limited credit 	<ul style="list-style-type: none"> › Build credit mix 	<p>CONSIDER:</p> <ul style="list-style-type: none"> › Adding installment or revolving credit to the mix. For example, if you already have a revolving credit account (e.g., credit card), consider adding an installment credit account (e.g., student loan, auto loan) or vice versa. In all cases, be sure to repay debts responsibly.

IMPROVING CREDIT

SITUATION	GOAL	ACTION
<ul style="list-style-type: none"> › Maxed out credit card 	<ul style="list-style-type: none"> › Reduce utilization to 30% or less 	<p>CONSIDER:</p> <ul style="list-style-type: none"> › Contact lender to increase limit. › Set up strategy to pay down debts.
<ul style="list-style-type: none"> › Late Payments 	<ul style="list-style-type: none"> › Pay at least minimum balance due by the due date each month 	<p>CONSIDER:</p> <ul style="list-style-type: none"> › Setting up electronic payments to automatically pay your monthly payments on time.
<ul style="list-style-type: none"> › Low credit score due to divorce, collections, or other financial setback 	<ul style="list-style-type: none"> › Improve credit score 	<p>CONSIDER:</p> <ul style="list-style-type: none"> › Signing up for Ultra FICO to increase your score by linking your bank accounts to demonstrate responsible financial management.
<ul style="list-style-type: none"> › Filing for bankruptcy 	<ul style="list-style-type: none"> › Have reported adverse credit fall off of credit report 	<p>CONSIDER THE TYPE OF BANKRUPTCY FOR WHICH YOU'RE ELIGIBLE, AND NOTE:</p> <ul style="list-style-type: none"> › Chapter 7 will remain on your report for 10 years › Chapter 13 will remain on your report for 7 years

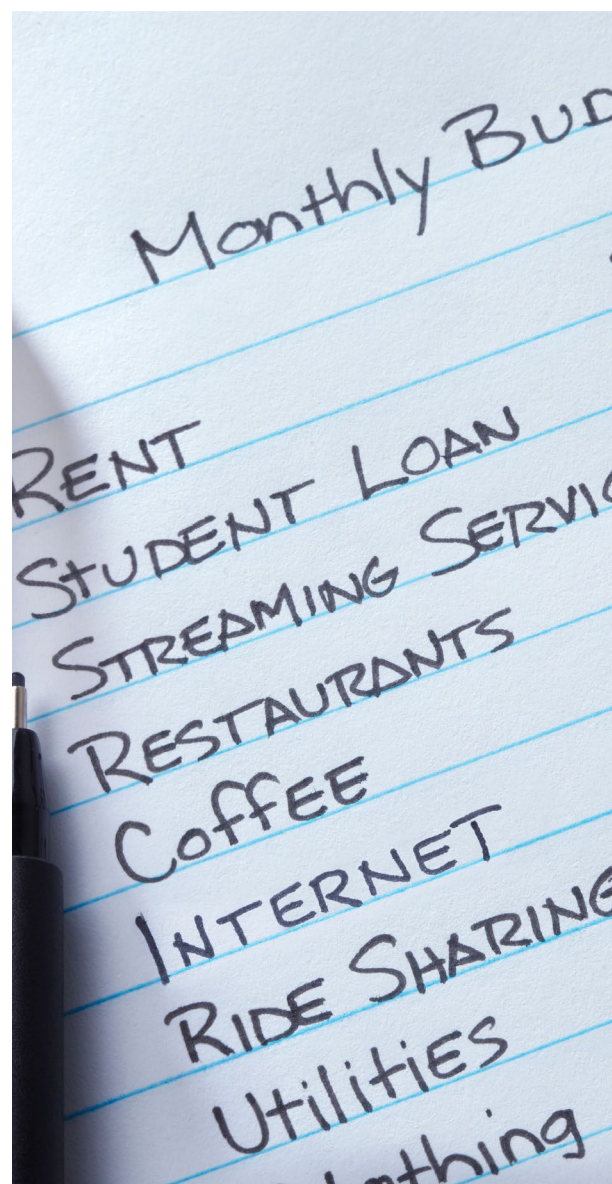
Building your credit increases access, affordability, and options for you. It also impacts your cash flow and your overall financial wellness. You may need credit to survive a crisis, gain employment, protect yourself from unnecessary damage, or leverage credit to recover or rebuild. Along with creating your **Situation, Goals, and Actions** roadmap, using credit management apps like Credit Karma and Credit Sesame can help you simulate various scenarios in building and maintaining your credit.



MAINTAINING CREDIT

Build these habits into your daily money management to maintain (and increase) your credit over time:

- › Pay your bills on time and pay the full amount of your balance every month to avoid paying interest.
- › Keep your utilization at 29% or lower.
- › Keep your oldest credit card open and active.
- › Minimize new credit applications.
- › Mix up your credit (installment and revolving).
- › Review your credit reports regularly to identify errors.



DEBT ELIMINATION STRATEGIES

Paying off debt requires commitment, so begin with setting up your budget to determine your monthly income and expenses, including your monthly obligations towards your debts. Clearing debt can take time, from several months to several years. Two popular debt repayment strategies include:

DEBT SNOWBALL

- › Pay off your debts in order of smallest to largest. In this strategy, you continue making the minimum payments on each of your debts, shifting any extra cash towards paying off the smallest debt.
- › Once the smallest debt is paid off, you shift the money you were using to pay that debt to the next larger debt balance.
- › You proceed with this method until your last largest debt is paid off. This method is good for those who desire to build motivation in their repayment journey.

DEBT AVALANCHE

- › Pay the minimum on all your debts while putting any extra cash towards the debt with the highest interest rate. This method saves the most money on interest.

Whichever process you choose, your action plan should be based on your personal goals. Be sure to tap into the free resources from MAX by AccessLex at the end of this guide to help you along the way!



YOUR CREDIT ACTION PLAN

Commit to monitoring and improving your credit score. Set aside a “power hour” in the upcoming week to begin. If you benefit from accountability, find a friend and schedule a date and time to do this work.

MY CREDIT “POWER HOUR” WILL BE ON:

MY ACCOUNTABILITY PARTNER WILL BE:

Follow the step by step plan on the following pages.

“Give yourself permission to change your mind, and to start small.”

THE FINANCIAL DIET

BY CHELSEA FAGAN



STEP 1

Pull your credit report and score, and resolve inaccurate data. Request a free credit report at AnnualCreditReport.com.

ITEMS TO BE CORRECTED OR DISPUTED:

REPORTING AGENCY	DATE OBTAINED	KEPT COPY	ERRORS TO RESOLVE	NEXT DATE TO REQUEST <i>(every 12 months)</i>
EQUIFAX		YES <input type="checkbox"/> NO <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>	
EXPERIAN		YES <input type="checkbox"/> NO <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>	
TRANSUNION		YES <input type="checkbox"/> NO <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>	

CREDIT SCORES	SCORE	DATE OBTAINED	NEXT DATE TO REQUEST <i>(monitor monthly)</i>
FICO			
VANTAGE SCORE <i>(Another credit scoring model you might run into in certain apps like Credit Karma).</i>			

STEP 2

Pay your bills on time.

- › Set up automatic bill pay on all credit accounts to avoid late fees.
- › Set up calendar reminders for bill due dates.

STEP 3

Keep your debts low.

- › Reduce balances to achieve a 30 percent or lower credit utilization ratio. Write your account names and current balances below in the order you'd like to focus on paying them down:

ACCOUNT: _____ **BALANCE:** _____

ACCOUNT: _____ **BALANCE:** _____

ACCOUNT: _____ **BALANCE:** _____

- › Pros and Cons of seeking new credit:

PROS: _____ **CONS:** _____

STEP 4

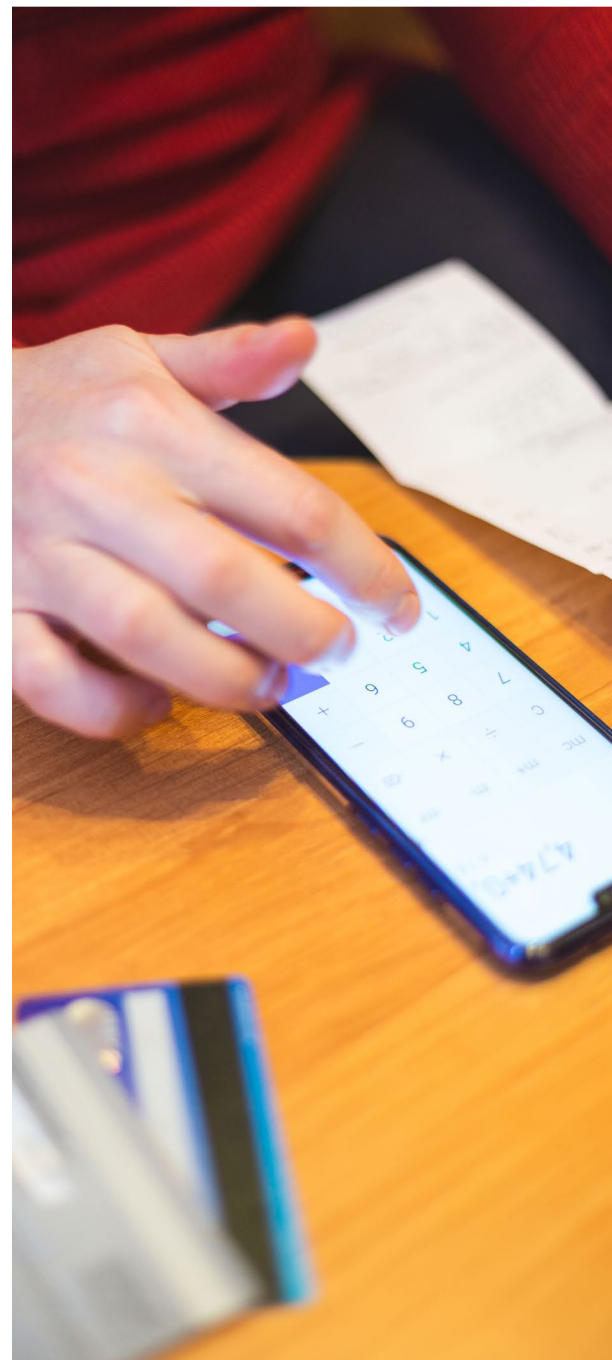
Let your credit card(s) age.

- › Review the length of history for each credit card.
- › Identify credit card(s) that contribute(s) to length of credit history, and keep it/them active.

STEP 5

Manage your debts.

- › Create or update budget to increase income and/or lower expenses to better manage your monthly debt obligations.
- › Consider accelerated debt pay off strategies, such as debt snowball, debt avalanche, or others.



MAX BY ACCESSLEX® CREDIT RESOURCES

Offered by most law schools across the country, MAX by AccessLex® is the personal finance program for law students. MAX provides quick and easy to understand lessons, in-person and online learning options, one-on-one financial coaching from Accredited Financial Counselors, and over \$300,000 in scholarship incentives each year for completing courses and attending events! From paying for law school to investing for your retirement — and every step in between — let MAX be your guide!

If your law school does not currently offer MAX, email MAX@AccessLex.org for more information and possible next steps.

In MAX, you'll find the following lessons, worksheets, and events to supplement this guide. And as always, you can schedule one-on-one financial coaching with our AFC®-accredited coaches through the Ask EDNA! — the Education Network at AccessLex.

LESSONS

- › The Power of Interest
- › Managing Debt and Credit for Bar Admission
- › Consumer Loans and Major Buying Decisions

WORKSHEETS

- › Know What You Owe
- › Know Your Numbers
- › Debt-to-Income Ratio Assessment

EVENTS

- › Credit and Debt Management for Bar Admission
- › Consolidating versus Refinancing Your Students Loans
- › Five Habits of Financially Successful Lawyers



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