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Keeping Your Credit Score Intact During the Holidays Brought to you by **Don Parsons**

The holidays are upon us and the hustle and bustle of the season is now in full frenzy. I love the holidays. It's hard not to feel like a child again with all the twinkle and allure that makes December just a magical month.

The warm sentiment of giving to those we love over the holidays generally makes shopping, and lots of it -an essential part of the season. Retailers spend all year coming up with ways to lure us into their shops. But we need to be careful, because some of the strategies they use to entice us can do serious damage to our credit scores that can take quite a long time to undo.

The next few weeks will come and go in a flurry. I encourage you to be extra careful this holiday season to ensure a graceful entry into the New Year and a credit score that will enable you to save big money on big items in the months ahead.

HERE ARE THE FIVE WAYS YOU CAN PROTECT YOUR CREDIT SCORE THIS HOLIDAY SEASON:

1. *Avoid Department Store Offers for Instant Credit and Don't Open Up New Lines of Credit*

Department stores are famous for offering deals for new credit applicants. "Save 15% on all of your one-day purchases just for applying for our store card." The damage to your score you incur by opening up a new line of credit is just not worth the few dollars you might save. Department store credit is poor quality credit and the credit scoring system frowns on it. Just don't apply for the card.

You may want or need to apply for a new car loan, a new home loan, a refinance or a home equity line. By applying for store credit to save a couple of dollars, you could be hurting your chance to get an important loan at a good rate until as far out as July of next year.

2. *Avoid Overspending*

Spending affects credit. 30% of your credit score is made up of how you manage your debt, and when your credit card balances exceed 30% of their available limit, the credit scoring system red flags you and your score goes down instantly. The logic behind this is that if you suddenly max out your credit cards, it looks to the system as though you are in financial trouble. Only charge if you can pay the balance in full before the next statement date. Plus, overspending and overcharging will also cause you to carry larger balances longer. It is best to keep your balances low at all times.

3. *Pay Your Bills On Time*

Payment history is 35% of your credit score. One 30-day late can cost you 50 POINTS or more. December is traditionally the busiest time of the year. Active calendars filled with work and social commitments for family and friends and the frenzy of the season can preoccupy you and cause you to be late in paying your bills. Make staying on top of your bills a priority. Put all of your bills in a file and make sure you pay them on time. In doing so, you will save points on your credit score and ridiculous late charges of \$30 or more. Additionally, when you are late in paying your bills, you nullify any preferential finance rate and your account will default to a dramatically higher interest rate. A ding to

your credit score, a high late fee and a huge increase in interest rates are all big incentives to make sure you are on time with your bills.

4. Take the Time to Plan and Prepare

We all do it. We walk into a store ready to buy a specific item and end up getting lured into a spending vortex. Panic spending because the store does not have the item you went in to buy; deciding that if you buy this item for this person, then you have to buy this item for another person; succumbing to the temptation of the latest must-have gadget. You can prevent this well-woven retailer trap by doing your research online. By preparing before ever darken the automatic doorstep of the alluring retail establishment, you can determine where you can purchase specific items and for what price. In doing so, you can avoid the retail traps and retain control of your spending (and your sanity). Online shopping sites have grown tremendously in popularity. Traffic to those sites is up more than 30% from just last year. There is a wealth of information on the web. In fact, www.pricegrabber.com lists all of the hottest holiday items and tells you who sells them and for how much. Remember, if you pay your credit card bill prior to the statement date, it will help your scores.

5. Manage Your Credit Wisely

Keep track of your credit card balances and keep them as low as possible. Studies show that as consumers increase their credit card balances, they become increasingly apathetic about their balances and even about adding new debt. By tracking balances, you will maintain a sense of control over your credit score and your finances.

Reduce Stress for the Holidays and Debt for the New Year

The New Year is just on the other side of December. As usual, we will all make resolutions to spend less, save more and be more prudent with our finances. Give yourself a gift by starting your resolution TODAY. By taking the time to be cautious in how you approach your credit and your spending this season, you will create a more graceful, more financially solid and more credit savvy entry into 2008.

Final Thoughts:

I just want you to remember that it can take up to 6 months to undo a 30 second assault on your credit. It is well-worth it to take the time to make sure you pay your bills on time. Be sure to spend carefully and moderately. In doing so, you will feel a greater sense of self-control, and a stronger hold on your finances and your future.

I would like to extend my best wishes for a very happy holiday season.

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