

Money Management 101

What's a credit rating?

A credit rating is an assessment of how likely you are to meet your financial obligations (i.e., pay your bills). The meter starts ticking the minute you are given access to credit in your name. Your credit rating is also a key factor in how financial institutions judge your creditworthiness. Whether you are applying for a loan, renting an apartment or hooking up your Internet, your credit rating will probably be checked. Here are some tips to help build a good credit rating:

Money in the bank – Putting money in the bank on a regular basis – instead of just taking it out – shows you know how to save as well as spend.

Pay up, pay on time – Bills in your name help build your credit rating – but only if you pay in full and on time. Late or missed payments don't look good on a credit report.

Build your credit rating – Items such as a car loan, telephone bills or a credit card can help build your credit rating, but only if you make your payments on time. Also, keep in mind that you don't need lots of credit to build a good rating.

Check your credit rating – Check your credit rating online or get it free by mail. Contact Equifax Canada (www.equifax.ca) or TransUnion Canada (www.tuc.ca).

For more information or advice on managing your finances, visit the consumer education section at: www.mastercard.ca.

