



## NEWS RELEASE

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### FOR IMMEDIATE RELEASE

#### **Maintaining Good Credit**

WEST DES MOINES, IOWA – April 28, 2008 – In support of National Financial Literacy Month, Iowa Student Loan (ISL) is offering a “Financial Literacy Tip of the Week.” This week, ISL wants to remind people about the importance of maintaining good credit.

**Credit** is the ability to borrow money, typically from a bank or other financial institution. When used responsibly, credit is a valuable and convenient tool. Credit can be especially useful when financing big ticket items, such as a car, home or college education. However, when used carelessly, credit can be costly and may even limit financial opportunities available in the future.

Before making a loan or giving credit, financial institutions will attempt to determine **creditworthiness** – the likelihood that a person will be able to pay back the money borrowed in a timely and responsible manner. In order to determine creditworthiness, financial institutions will access a person’s **credit report**. A credit report includes personal information – such as an individual’s name, address and employer’s contact information – and **credit history** details. Much like it sounds, a credit history is a record of information about every credit account an individual has ever applied for and/or opened, including the credit limit, outstanding balance and whether payments were made on time for each account.

To help financial institutions interpret credit reports quickly, a **credit bureau** will analyze a person’s credit history and assign a **score**. The higher the credit score, the more likely the person is to be approved for credit or offered a favorable interest rate. Three national credit bureaus are authorized to review credit reports: [Equifax](#), [Experian](#) and [TransUnion](#).

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A good credit score will help people save money with lower interest rates; however, a low credit score can be improved in several ways, including:

- Making payments consistently and on time.
- Gradually reducing the amount owed.
- Reducing high interest debt first.
- Paying more than the minimum payment required.

While the misuse of credit can be costly, people should not be afraid of using it. Credit is a valuable tool that can help people achieve a number of financial goals, so it pays for them to be smart and take steps to protect their financial well-being. One way people can protect their credit score is by monitoring their credit report. Federal law entitles everyone to a free copy of their credit report every year from each of the three credit bureaus. A credit report can be requested from the individual bureaus or at [www.annualcreditreport.com](http://www.annualcreditreport.com).

ISL's "Tip of the Week" series is a continuation of its ongoing commitment to providing financial literacy education to students. ISL has also developed a Financial Literacy Series, which is designed to help students manage their finances and avoid excessive debt. For more financial literacy tips, go to [www.studentloan.org](http://www.studentloan.org). Visitors can access all of ISL's financial literacy tips of the week in the ISL **Newsroom**.

**About Iowa Student Loan:** Iowa Student Loan is a private, nonprofit corporation founded in 1979 by a proclamation of Iowa Governor Robert D. Ray to help students and parents obtain the financial resources necessary for a postsecondary education. Based in West Des Moines, Iowa Student Loan has helped more than 265,000 students pay for college. In 2007, Iowa Student Loan reinvested \$33 million into Iowa through programs and services. This included providing students fees and cost reductions, free college planning services, financial aid processing and community services.

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