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## **Growing Up: Tips for Young Adults to Build Credit Early**

Just as we are not born knowing how to read, we also do not have a natural ability to manage money. Our financial habits are learned over time... from educators, family, friends and other influencers in our lives. As we are teaching our kids the ins and outs of money management, one big, important “adult” topic is often overlooked – the value of good credit.

Good credit for young adults allows for better insurance rates and an easier experience when renting an apartment or buying a vehicle. While the minimum age for most credit cards is 18, there are many things parents can do to help their kids establish good credit early outside of opening credit lines.

- 1) Teach good habits. Simple financial lessons taught while young also apply to building and keeping good credit. Always pay your bills on time, stick to a spending plan and establish an emergency fund.
- 2) Encourage saving. From receiving funds for household chores to a first “real” job, encourage kids to start a savings account. Having funds available in a savings account reduces the risk of falling into debt even at a young age.
- 3) Co-sign a loan. This strategy does come with some risks to the parent’s personal credit score, but if you feel your teen is trustworthy enough to make the payments on time, co-signing on a loan for something such as a car can be a great way to start establishing credit without opening a credit card.

Establishing good credit and maintaining positive credit habits is an opportunity that is available to everyone regardless of location or social status. Just as digging out of a debt snowball can be overwhelming and feel impossible, rebuilding a tanked credit score can take years. It does take time to build an excellent credit score, as a good portion is determined by length of time as a borrower and overall financial history. For young adults, start early with these habits and work to maintain your good credit throughout your lifetime.

K-State Research and Extension offers a Check Your Credit program to remind you to check your credit three times a year. To sign up, visit <http://bit.ly/ksrecheckyourcredit>.

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