

Wise Credit Management Quiz

Want to use credit wisely and pay less to borrow money? Start by taking this quiz to assess your current credit-related practices. Choose the score that best describes the frequency with which you practice each of the 20 credit management actions listed below. The first seven questions require a yes (5) or no (1) answer. The remaining 13 require an answer ranging from 1 to 5 as described below.

When you're done answering each of the questions, add up your total score. The summary at the end of the quiz will tell how you're doing with respect to your use of credit.

- ___ 1. My latest credit report lists all my credit accounts as "current" or "paid as agreed" (write "5" for "yes" and "1" for "no" (or if you have not ever checked a copy of your credit report) for this question).
- ___ 2. My current ratio of monthly consumer debt (e.g., car loan, student loan, credit card) payments to monthly net income (e.g., $\$500 \div \$2,800 = 17.86\%$) is less than 20% (write "5" for "yes" and "1" for "no" for this question).
- ___ 3. I have checked my credit score within the last two years (write "5" for "yes" and "1" for "no" for this question).
- ___ 4. I have *never* had *any* of the following: collection (charged-off) accounts, judgments, liens, repossession (e.g., loan for a car), wage garnishment, foreclosure (e.g., loan for a house), or bankruptcy (write "5" for "yes" and "1" for "no" [meaning that you have had one or more previous negative credit use events occur] for this question).
- ___ 5. The last time that I got a loan or credit card, I compared at least three different lenders before applying (write "5" for "yes" and "1" for "no" for this question).
- ___ 6. I am *not* "upside down" on *any* of my loans (i.e. owe more than the value of the item that the loan was taken out to finance) (write "5" for "yes" and "1" for "no" [meaning that you are upside down on one or more loans] for this question).
- ___ 7. I have a list of my credit card account numbers and creditor contact information to refer to in the event of loss or theft (write "5" for "yes" and "1" for "no" for this question).

The remaining 13 questions should be scored as follows:

- 5 = I always do this
- 4 = I usually (almost always) do this
- 3 = I do this about 50% of the time
- 2 = I seldom or rarely (every once in a while) do this
- 1 = I never do this

- ___ 8. I pay my credit card bills in full every month to avoid interest charges.
- ___ 9. I check my credit report annually for errors and/or evidence of identity theft.

- ___ 10. I avoid making late payments on credit card bills and incurring late fees.
- ___ 11. I charge no more than half (50%) of the maximum limit available on my credit cards (e.g., no more than \$2,500 of charges on a credit card with a \$5,000 limit).
- ___ 12. I keep a running list of my outstanding credit card expenses as I use my credit card(s) so I am aware of my current total debt level.
- ___ 13. It is my personal policy not to co-sign a loan for anyone.
- ___ 14. I use at least one credit card that has some type of “perk” such as product or service discounts and/or cash-back rewards *and* am a convenience user (i.e., pay balances in full).
- ___ 15. I avoid using predatory payday loans, car title loans, check-cashing stores, rent-to-own stores, and pawnshops to obtain cash and or merchandise.
- ___ 16. I use or have used several different types of credit (e.g., personal loan, car loan, credit cards, student loan, and mortgage).
- ___ 17. I avoid buying high-cost credit life insurance, credit disability insurance, and credit unemployment insurance when securing a loan and/or credit card.
- ___ 18. I avoid taking out new loans or credit cards to pay off existing debt balances.
- ___ 19. I avoid taking credit card cash advances.
- ___ 20. I make credit card purchases at the beginning of my monthly billing cycle to take advantage of maximum “float” time between when purchases are made and when payments are due.

Scoring for the *Wise Credit Management Quiz* is as follows:

- 0-30 points** -You need lots of help to use credit wisely, but don’t despair. It’s never too late to take action to improve your credit history. Start with the items that received a “1” or “2” score.
- 31-50 points** -You are undoubtedly experiencing problems with your credit accounts. Now is the time to take action to reverse this situation. Start with the items that received a “1” or “2” score.
- 51-70 points** -You are doing a fair job of using credit and have taken some steps in the right direction.
- 71-85 points** -You are doing a good job of using credit and are using many recommended practices to manage credit wisely.
- 86-100 points** -You are doing an excellent job of using credit. Keep up the good work!

Note: *Items that you scored with a 1, 2, or 3 are actions that you should consider taking in the future.*