

# MONEY MANAGEMENT



## The Best Defense—Know Your Score

(NAPSA)—According to a 2006 Pentagon report, nearly one in five military servicemembers turns to predatory lenders for “payday” loans when low on funds. These loans offer the promise of quick cash but they come with a heavy price tag: excessively high interest rates and fees, which can lead to a cycle of increasing debt. To address this problem, the Department of Defense recently issued new rules that cap interest rates for loans to servicemembers and their dependents.

Servicemembers can help themselves secure better rates on loans from traditional financial institutions, such as banks and credit unions, by knowing their credit scores and, if necessary, taking steps to improve them. A low score prevents access to preferred interest rate loans—so you pay more for the money you borrow.

Credit scores—which can range from 300 to 850—may be impacted by:

- **Payment history**—Make all payments on time.

- **Level of debt**—Avoid “maxing out” credit cards or maintaining high balances.

- **Length of credit history**—Aim for a long history of responsible credit management.

- **Type of credit**—Make sure to use a mix of credit (such as credit cards, retail accounts, or home and car loans) appropriately.

- **New credit or inquiries**—While shopping for good rates won’t hurt a score, opening multiple credit accounts in a short time frame can.

“Since financial success often depends on a person’s credit score, managing and improving credit is an important first step servicemembers can take to help achieve



**New programs are in place designed to help members of the armed forces do a better job of managing credit.**

their long-term financial goals,” said Mary Schapiro, chairman of the FINRA Investor Education Foundation, which launched the Military Financial Education Program in early 2006.

To help the military take this critical step, the FINRA Investor Education Foundation is offering free access for active-duty servicemembers and their spouses to BrightScore, an online credit management tool. BrightScore helps individuals understand what factors have hurt or helped their credit score, creates a custom action plan and provides access to live counselors.

To join the thousands of active-duty servicemembers who have taken advantage of BrightScore, servicemembers can visit their installation Personal Financial Manager for a free access code.

The FINRA Investor Education Foundation is a leader in providing financial and investor information to help Americans better understand the basic principles of saving and investing. Learn more about credit and money management at [www.SaveAndInvest.org](http://www.SaveAndInvest.org).