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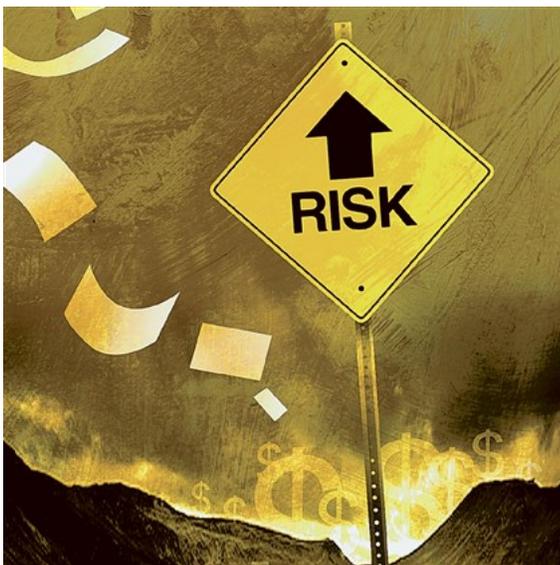
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Daniel Marsula/Post-Gazette

By Patricia Sabatini / Pittsburgh Post-Gazette

Adults age 18-34 are more confused about credit reports and scores than are older age groups, even though younger Americans have the greatest need to understand these critical financial

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measures, according to a just-released report from the Consumer Federation of American.

“The fact that millennials are less knowledgeable is a concern” because they are more likely to be applying for major credit for the first time, such as an auto loan, home mortgage or rental contract, the federation’s executive director, Stephen Brobeck, told reporters in a conference call Monday.

Specifically, millennials know less about the range of businesses that use credit scores — such as electric utilities, cell phone providers, home insurers and landlords — the survey found.

Millennials also are more likely to mistakenly think that credit repair companies are usually helpful in correcting errors on credit reports and improving scores. In reality, credit repair firms help “only occasionally,” tend to be costly and perform services that consumers could do themselves, Mr. Brobeck said.

“The findings are very clear that millennials don’t understand as much about credit reports and scores,” he said.

On the upside, he said, the survey showed that overall, a large majority of consumers know many important facts about credit scores.

For example, 88 percent know that credit card issuers and mortgage lenders use credit scores, while roughly 90 percent know that missed payments, personal bankruptcy and high credit card balances negatively affect their scores.

In addition, nearly three-quarters know that it’s important to check the accuracy of their credit reports at the three main credit bureaus — Experian, Equifax and TransUnion — and that the Consumer Financial Protection Bureau is the federal agency best suited to help consumers solve individual problems with credit reports and scores.

Under federal law, consumers are entitled to a free credit report every 12 months from each of the three national bureaus. The reports can be ordered online at www.annualcreditreport.com or by calling 1-877-322-8228.

Generally there is a cost to obtain a credit score, but more lenders and financial websites are starting to offer free scores as an added benefit. In addition, lenders are required to provide a credit score for free under certain circumstances, such as when a consumer applies for a mortgage or is turned down for credit.

In general, a credit score of 700 and above is considered very good, although not all credit scores are based on the same scale.

Mr. Brobeck noted that a good score doesn’t carry the same weight with all lenders.

To get the best rates and terms, “It’s extremely important to comparison shop if you’re in the market for credit,” he said.

The federation’s fourth annual credit score survey also found a majority of consumers harbor some costly misunderstandings that could result in lower scores and thousands of dollars in extra finance charges.

“Most troubling is that only 42 percent know that a credit score measures the risk of not repaying a loan rather than factors such as knowledge of, or attitude to, consumer credit,” Mr. Brobeck said. “Consumers should be aware that they can take steps to reduce this risk and improve their scores, most importantly by making all loan payments on time.”

In addition, few consumers (7 percent) know that multiple inquiries on a credit report for a mortgage or other loan made in a short one- to two-week window are treated as one inquiry and do not lower credit scores. That mistake deters many people from shopping around for a loan.

The federation encourages consumers to learn more about credit by taking its online credit score

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Top ways consumers can raise their credit scores:

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- Don't open many new credit accounts rapidly.
- Regularly check credit reports for errors.

Source: *Consumer Federation of America*



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The federation encourages consumers to learn more about credit by taking its online credit score quiz at www.creditscorequiz.org.

For the full credit score survey, visit www.consumerfed.org.

Patricia Sabatini: psabatini@post-gazette.com or 412-263-3066.

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Sean Ferris 5 days ago

Maybe we should have a high school class to inform people that their every movement especially financial is part of a record that can destroy their dreams. Also how much interest is charged when taking out a loan or credit cards exorbitant interests. Credit is as dangerous as a gun in the wrong hands

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Roy Hobbs 5 days ago

Actually everything you do in life has a record somewhere, it starts in high school with grade and test scores. As my Dad wisely told me years ago "son you have a permanent record card that you have to account for". I listened and kept that in the back of my mind.

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-1



Ashley Butela 5 days ago

You're painting with an awfully broad brush here. ALL millenials? Aged 18-34? At least when I was 18, I was just graduating high school and didn't have a credit *card*, let alone a credit *score.* I only got a credit card because I needed a line of credit for college (a hilariously broken system in itself). I'm 24 now, and while I maybe should know more about credit scores, the fact is that I'm only concerned about it now, and really only because I read this article. I don't *use* my credit card and thanks to all the debt from the previously mentioned broken system I don't plan on living in any place requiring more than a month's rent any time soon.

The 30-somethings should be more knowledgeable, but if they're in the same boat as me they're probably also only *JUST* starting to get houses, have kids, etc etc.

This is like saying people aged 18-34 know less about being aged 35-50 than 35-50-year-olds.

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