

Personal Credit Plan

Chapter 7.2: Choosing the Right Source of Credit

Instructions

This template will help you develop a personalized plan for using credit responsibly. Complete each section thoughtfully, considering your current financial situation and future goals.

1. Your Credit Source Hierarchy

Rank credit sources from most preferred (1) to least preferred (7) for your personal situation. Consider factors like availability, cost, convenience, and your creditworthiness.

1. _____

2. _____

3. _____

4.

5.

Explain your ranking:

2. Borrowing Decision Criteria

List the factors you'll consider when evaluating credit options, and explain why each is important to you.

Decision Factor	Why It's Important	Weight (1-10)
Example: Interest Rate	Directly affects total cost and monthly payments	9

3. Creditworthiness Improvement Plan

Outline specific steps you can take to build or maintain good credit, which will give you access to better borrowing options.

Current Credit Status:

Short-term Actions (next 6-12 months):

Long-term Strategies (1-5 years):

4. Emergency Borrowing Alternatives

Identify alternatives to high-cost emergency borrowing that you could use in a financial crisis.

Emergency Fund Strategy:

Community Resources Available:

Personal Support Network Options:

Low-Cost Credit Options for Emergencies:

5. Credit Situation Analysis

For each potential borrowing situation, identify which credit source you would use and why.

Borrowing Situation	Preferred Credit Source	Reasoning
Emergency car repair (\$800)		
College/vocational education		
First apartment furniture		
Used car purchase		
Unexpected medical expense		

6. Predatory Lending Awareness

List warning signs of predatory lending that you should watch for when considering borrowing options.

Red Flags to Watch For:

How to Verify Lender Legitimacy:

7. Long-Term Credit Management Goals

Describe your long-term approach to using credit as a financial tool.

Credit-Related Financial Goals:

Responsible Credit Use Philosophy:

