

Title:

Young Adult Credit

Word Count:

710

Summary:

Don't let common mistakes like adding your child as an authorized user or a co-applicant harm his or her future credit. Imagine what a shock it would be if she attempted to buy a car or pass a credit check for an apartment, and she found out that the credit card she'd been making payments to for years isn't on her credit report.

Keywords:

credit repair, history, transunion, equifax, experian, bureau, credit card, debt, equity, interest rates, balance transfer, rewards, cashback, gas rebates, airline miles, rebuilding, repair, bankruptcy, bad, good, excellent, repossession, debt, airline miles, 0 apr, balance transfer, visa, mastercard, amex, chase, hsbc, discover, instant approval, apply online, get approved, no annual fee, rewards, history, rebuild, revamp, james marshall, author, texas, florida, army, ft hood, fort, infantry, cavalry, finance, business, home work, commute, telecommute, outsource, article, directory, search engine, seo, pimp, url, scrub, ezine directory, optimization, promote, hype, submiteaze, godaddy, credit card, discover, amex, chase, bank of america, mastercard, visa, rewards, balance transfer, database

Article Body:

Credit Care for Teens and Young Adults

It's great when parents are willing to help out with their kids' futures, but make sure that you understand all of the implications before you help your kids build credit.

A credit card is a great way to start building credit as a teen or young adult, and many young people receive their first credit card from their parents. Before you hand your teen a credit card as they head off to the mall, think about whether it's helping (or possibly hurting) their future credit.

Authorized Users vs. Co-Applicants

Often, a teen's first introduction to credit is becoming an authorized user on a

parent's credit card. This is an easy way to get a credit card, but it's not usually the best way. In almost every case, an authorized user does not build positive credit of their own, but if the primary cardholder goes into default, it can be reflected on the authorized user's credit report. In other words, your child does not stand to benefit from your good credit but could suffer if you fall into hard times.

Placing your child on your account as a co-applicant can have even more harmful consequences. If your credit card company requests a signature from the child, they are likely adding the child as a co-applicant. Think long and hard before you take that step. Being a co-applicant means that they are equally liable for any debts that you incur. If your child is an authorized user and you run up \$25,000 in debt that you can't pay, your child could get an ugly stain on his or her credit. However, if you list your child as a co-applicant, the credit card company can expect them to pay back that money, and even take him or her to court!

Make sure you look at all the factors. Even if your credit is great and you have no intention of racking up debt, is there a possibility that a lost job, medical bills, or another disaster could change your circumstances? If there is virtually no chance of that happening, your child might be fine being a co-applicant or an authorized user. However, even if you won't hurt your child's credit, you won't help them much either. The best course of action is to get a card in the child's name tied to his or her social security number only. If you've been thinking of adding your child to one of your cards, call your credit card company and ask to open a separate account in your child's name instead. Since you already have an open account with the company, and are bringing them additional business, you will usually get a better rate for your kid than he or she could get on his/her own.

### Why Start Early at All?

Even if he or she has to open a starter credit card offer with a high interest rate, it will still help your child's credit in the long run, as long as you teach him or her to act responsibly. The easiest way to help them build good credit is to have them use their card for one use, paying his cell phone bill or buying gas, and pay it off each month. When your kids get an early start on credit, they'll have a huge advantage over their peers. If you show them how to use their new card responsibly, the credit card company will reward them in the future with higher credit lines and lower rates, so they can gradually use their credit card for more "adult" things, like furniture for their first apartment or a post-graduation vacation.

Don't let common mistakes like adding your child as an authorized user or a co-

applicant harm his or her future credit. Imagine what a shock it would be if she attempted to buy a car or pass a credit check for an apartment, and she found out that the credit card she'd been making payments to for years isn't on her credit report. And furthermore, imagine the phone call you'd get shortly after asking for a loan! Your kids' credit can have a negative financial impact on you as well, so start early! Stay safe.

Sincerely,

James