



## Your guide to managing credit and taking control of your credit position

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Approximately 150 000 consumers seek credit or financial services daily and as the grip of the credit crunch continues to tighten purse strings , more of us are experiencing financial stress. What may have been routine practices in the past – e.g. late payments or skipping payments- now results in escalating debt and an unfavourable credit rating. It's time to set financial goals. It just takes a few easy steps and a little dedication to take control, and remember - celebrate when you reach a milestone!

### 10 Helpful Tips on Managing Your Credit Wisely

- 1. Budget.** Be informed. Always know what your monthly payments will be regarding a new purchase with credit. Ask the credit manager for assistance, showing you exactly how much you will have to repay each month and for how long based on your purchase. Set your own credit limit and budget and adhere to it.
- 2. Keep repayments to a maximum of 20-30 percent of your income.** If you earn R5000 income per month, keep your total credit repayments to within R1000 – R1500 per month, for example.
- 3. Pay on time.** Always pay your accounts on time every month, even if you can only pay the minimum amount due. Mark your calendar or set an alarm on your cell phone to remind you to pay your accounts.
- 4. Keep information current.** Remember to always notify your credit/service providers of address changes. Keeping your information up to date is crucial for continuous communication from your credit/services providers.



**5. Communicate with your credit/service providers.** If you cannot make your regular payments, talk to the company concerned to see if they have assistance programs or alternative payment options prior to missing a payment.

**6. Never ignore a letter of demand for payment.** This could become a very serious reflection on your credit report and negatively effect any future applications for credit.

**7. Make a list of annual expenses.** Licence renewals, services and medical appointments are expenses you can expect at least once a year. Work out how much you need to save monthly to cover these costs.

**8. Watch the interest rate.** When the prime interest rate is low, do not buy to the maximum amount you can afford. At some point the interest rate will go up and increase your monthly instalment.

**9. Calculate your monthly banking charges.** Work out your monthly banking charges and, if necessary, investigate low cost banking solutions with your current bank. You can also phone around to other banks to find out their fees and negotiate with your current bank if you need to.

**10. Never ignore a summons to court for any non-payment.** Besides affecting any future applications for credit, you can possibly find yourself in financial and/or legal trouble.

### **What is a credit report?**

A credit report is information about your credit history payment behaviour. It is maintained by credit bureaus, including TransUnion. It contains information such as your name, address, employer and ID number – all the details you give to credit/service providers when you apply for credit or services.

TransUnion also maintains information on your credit history, which includes a record of your accounts and payments over a 24 month period. Your credit report also includes any adverse or court action taken against you by a credit/service provider.

### **Who can view my credit report?**

You give permission to credit/service providers to view your credit report when you apply for credit and you submit a credit application form. A credit report, along with other decisioning tools, helps lenders and financial institutions determine if credit will be extended.



### Can I get access to my credit report?

Yes you can. You can get your FREE credit report through TransUnion once a year. Once you have it, review it and inquire about any issues you discover. It is important to view your credit report regularly to stay on top of your credit position. Visit [www.mytransunion.co.za](http://www.mytransunion.co.za) to access your FREE once-off credit report. The Learning Centre can also serve as a valuable resource in helping you better understand your report.

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Visit [www.mytransunion.co.za](http://www.mytransunion.co.za) for more information.