



Women and Credit: Here's How to Get on Solid Ground

For many years, research has shown that women in the U.S. are approved for less than men when they apply for credit products and are more likely to be denied outright. Perhaps because of this, women also put off applying for credit when compared to men, even when they need it to get on solid financial ground.

Compounding these challenges is the continued gender pay gap experienced by women, rising inflation, and other market conditions that put pressure on household budgets.

If you're experiencing these challenges, review the following tips to get on solid ground when it comes to credit.

Build a Health Credit History

Getting credit in your name is a key to building a healthy financial foundation. Start off as an authorized user of a family member's credit card if you currently don't qualify for a credit card or loan on your own. Another option is to get a secured credit card in your name which is a type of credit card that is backed by a cash deposit from

the cardholder. Many secured credit card borrowers are issued a traditional, unsecured credit card after making on-time payments for a period of time.

Review Your Credit Report

Regularly check your credit report. A free credit report from [AnnualCreditReport.com](https://www.annualcreditreport.com) shows all the information that is used to determine your credit score. Checking your credit report allows you to be confident the information in your credit report is accurate and up to date. A good credit score is part of a path to opportunities you may not otherwise be able to access. Lower interest rates are offered to people with better credit scores - that means more money staying in your pocket. It's also easier to get a loan or line of credit when your credit score is in good shape.

Improve Payment History

If you already have a credit history and know your score, pay attention to your payment history, which is the biggest single factor used to calculate your credit score. Late

payments (even a couple of days), past due accounts, and accounts in collections all have a negative impact on your credit. Regular, on-time payment of the minimum amount (or greater) will improve your credit score. An on-time payment history in the range of 18 months or longer will begin to show results in an improving credit score.

Monitor Your Credit Card Utilization

If your credit score is not where you want it to be, check your credit utilization. Credit utilization is calculated by the amount you owe — not relative to your income but compared to the total credit limit available to you, expressed as a percentage. For example, if your card balance is \$600 and you have a spending limit of \$2,500, your credit utilization is $\$600/\$2,500$ or 24%. As a rule of thumb, for a healthy credit score your credit utilization should be less than 30%.

Additional Tips

1. As you use your credit card or take on other debt, pay down your balance as early as your budget allows. If you

can make small payments throughout the month, this helps keep your balance down and lowers your credit utilization.

2. Decrease spending. Find areas in your monthly budget where you can cut back on spending to build a buffer in your budget, and better manage debt payments.

3. Consider your full financial picture. Credit and debt management is only

one piece of the puzzle. Look at your monthly income and expenses, such as housing, transportation, medical and other expenses.

Build a Foundation for Financial Wellness

A healthy credit history and score are important for women, as well as everyone – especially during challenging financial situations.

To get a plan for your specific situation, reach out to a trusted independent nonprofit resource like GreenPath. GreenPath’s caring certified counselors talk with people about why credit matters, and why it’s a key building block to overall financial health and wellness.

Source: [FederalReserve.org](https://www.federalreserve.org)

The Path to Financial Wellness Starts Here

my.greenpath.com

No matter what your goals may be, our partners at GreenPath can help you to take control of your day-to-day financial choices to create more opportunities for achieving your dreams.



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