Why Women Need Their Own Credit Histories

Imagine being recently widowed or divorced and trying to cope with financial obligations without a personal credit history. You may not be able to withdraw cash from the bank. If the credit card account you shared with your spouse wasn't in both names, you probably won't be able to use the card. And you would have a difficult time securing a car loan or home mortgage.

There are numerous reasons a woman needs to establish and maintain credit in her own name. Many potential employers check job candidates' credit histories looking for problem areas. High balances, collections and repossessions are especially frowned upon. If you try to buy certain types of insurance, a low credit score could mean a higher premium. And, if you try to get a new credit card in your name, your credit score will affect your chances, the amount you are offered and the rate of interest you pay on the balance.

Credit tips Experts say that two or three credit cards are enough. And they suggest caution when you are offered a 10% or 15% discount on a purchase if you open a new card on the spot. This is because credit rating companies base credit scores on a ratio using the amount of credit available, the duration of the credit (how long you've had the card) and the amount used. Opening a new account means you are potentially adding to your debt, and you may be seen as a higher risk. Also, think twice before you close credit cards you haven't used for a while. Retaining these accounts can help build your credit history.

If your name appears on a credit card you share with your spouse, don't think your credit history is automatically established. For example, if you are an authorized user it can help establish your credit history. On the other hand, if you are an authorized user and your husband's credit plummets, so can yours.

Put a few of the household bills in your name. Having a few bills in your name that you pay on time regularly can help you build a good credit history. If you are facing separation or divorce, close your joint banking accounts and credit cards slowly. If too many are closed too quickly, creditors may begin to take notice and think you're a risk and lower your score.

Remember, every time someone other than you checks your credit, your score can be lowered for a period of time. It depends on who is checking and the type of credit you are applying for. Some situations when your score may be affected by a credit check are: applying for a new card, applying for a new mortgage or selling a property for less than the mortgage amount (a short sale).

In all, with wise planning, steady payments and watching your purchases, you can establish credit and maintain a strong credit score – that's all yours.

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■ *by Kathy Greeneway*