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Card advice for your 20s, 30s, 40s, 50s, 60s

By Matt Alderton and Jeff Herman



Good credit is needed to lease an apartment, land a job, buy a house, start a business and get into a nursing home. Depending on your age, you'll have different credit needs. And you're apt to make varying mistakes with your credit and credit cards at different life stages. But the more you do the right things with credit, the easier life's transitions become.

"Credit needs do change as we move through different ages and stages in life, although the overall need for a good credit profile remains a constant," says Kevin Gallegos, vice president of Phoenix operations at Freedom Financial Network, a national provider of consumer credit and financial advocacy services.

Whether you're 20-something or pushing 60, these tips will help you navigate the most common credit issues by decade:

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Richard Moxley,

Maintain Great Credit"

In your 20s: Build a strong foundation

When in your 20s, life is all about getting established. And that means starting to build a credit profile.

"In your 20s, you are young and focused on schooling, career and your social life," says Richard Moxley, author of "The Nine Rules of Credit: How to Start, Rebuild and Always Maintain Great Credit." "But now is also the time to start building a strong credit history."

The foundation for a good credit score starts with borrowing and repaying in a responsible manner.

"People in their 20s just want to enjoy life," says Harrine Freeman, CEO and owner of H.E. Freeman Enterprises, which provides credit repair and counseling services.

"They're used to immediate gratification, so they often focus on spending — buying a new car, going on vacation, getting new clothes — without thinking about how their spending habits are going to affect their future." This is also the time of life when one or two (or more) missed or late payments occur, which can make that road to great credit a bumpy ride.

To build credit, people in their 20s often start by opening a single credit card and using it to pay a monthly bill, such as a gym membership or cellphone charges and paying

the entire balance off every month. Repeating this behavior every month, Moxley says, is a disciplined way to prove to lenders that you can handle credit.

Mom or Dad can help open the credit door, too, by adding their adult children as an authorized card user to one of their cards. Just remember that as a college student, you'll need to use the card responsibly or you are apt to lose card-charging privileges. Being an authorized user is a useless exercise, however, if the primary account holder doesn't pay his or her bills on time.

In your 30s: Live within your means

Although people in their 20s may like to spend, many are frugal because of their limited means. That tends to change in their 30s, says Moxley. Thirty-somethings have a tendency to overextend themselves, either due to feelings of self-entitlement or just by being faced with greater adult responsibilities such as a mortgage and growing families.

"Generally, college-aged people know they have no money, and their lifestyles tend to reflect that," Moxley says. "People in their 30s, on the other hand, often jump into a whole bunch of debt.

"They have a job now, so they get a mortgage and a car loan because they think that's what they're supposed to do."

Gallegos adds, "This is the decade where people start buying possessions, and often fall into the trap of 'keeping up with the Joneses.' Many in their 30s may still have student loan debt and are acquiring mortgage debt. Some will take on debt to start businesses. Credit card debt only leads to problems."

Suddenly that one starter card from your 20s has been replaced by a wallet full of plastic.

To avoid snowballing debt, treat credit cards more like debit cards, Gallegos says.

"Living within one's means includes charging — and paying for — only what you can pay off in full each month," he says. "If you can't do that, don't buy it, and don't charge it."

The "live within your means" rule also applies to other types of debt, such as a mortgage.

"Most people buy a home at the top of their limits," Freeman says. "Then, when something happens — they lose their job or get sick — suddenly they're facing foreclosure." The more modest your home loan, the more financial flexibility you'll have for life's little (or big) surprises.

Check your credit report at least twice a year to make sure everything's OK." - Harrine Freeman. CEO and owner of H.E. Freeman Enterprises, which provides credit repair and counseling services

In your 40s: Maximizing — and protecting — your good credit

After 20-odd years of effectively managing credit, these are the years when responsible credit use can really pay off. Whether it's getting a low-interest loan on a second or third car for your kids or financing a new home addition, having a healthy and lengthy credit history pays off.

But, again, avoid becoming over-reliant on credit and use what you have strategically.

"Work to minimize utilization percentage and maximize credit available," Gallegos says. "If you have a credit card with a limit of \$10,000, and you owe \$3,500 on it, that's 35 percent utilization. Anything over 35 percent is considered high and can impact credit scores. Over 50 percent will have a definite negative impact on a credit score, and a maxed-out card will very negatively impact the score."

In your 40s, rewards cards may be especially appealing, as the points, miles and cash back can help pay for family vacations, back-to-school shopping and other expenses of a growing household.

While many in their 40s are building families, others are disassembling them. To protect your credit in a divorce, Moxley suggests avoiding joint credit cards. If you do have jointly held accounts, eliminate balances before you head to court and close the accounts so that any future spending on your ex's behalf doesn't come back to haunt you.

"Divorce and separation can wreak havoc on your credit if you have any joint credit cards, lines of credit or loans," Moxley says. "Your credit score will be destroyed if you don't maintain at least the minimum payments on all your joint or individual debt."

In your 50s: Keeping your credit active

For people in their 50s, the problem isn't using too much credit; rather, it's using too little.

"Hopefully, you have most of your debt under control at this point in your life," Moxley says. One of the biggest mistakes you can make is letting your credit accounts go inactive. "Current credit [activity] is what affects your credit score the most. If you don't have current credit cards, lines of credit or loans that you use and make payments on, the next time you go for financing you might not be treated so well by the banks." If you don't need credit now, you might need it in the future.

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"Maybe the need for a personal or business loan will arise, or the need or desire to buy a different — perhaps smaller — home," adds Gallegos, who says employment also can be an issue, even in your 50s and 60s.

"Many soon-to-be-retirees and many already retired are finding that they will still need to work and even find a new full-time or part-time job."

Employers often check credit scores, especially for positions that require access to large amounts of money or sensitive information. "Some employers see having a good credit history as a sign of overall personal responsibility," he says.

In your 60s and beyond: Keep up your credit guard

Once you reach retirement age, your life may be more defined by what you give than what you earn. This can be both rewarding and risky, says Freeman, who says the biggest credit issues facing seniors are identity theft and fraud.

"People in their 60s and older are typically more focused on others than on themselves. But you really need to put your needs first," she explains. "It's OK to help people, but make sure you're not hurting yourself."

Moxley adds, "The No. 1 growing crime is fraud, and as a senior, you are the biggest target. Because you have savings and are the least up-to-date with all the new technology, there is always someone looking to trick you. If you aren't keeping on top of your credit or using it, a fraudster would be glad to help you with that."

"Check your credit report at least twice a year to make sure everything's OK," Freeman says.

That's good advice at every age. Check your credit reports – you can get them free once year from each of the big three credit bureaus (Equifax, Experian and TransUnion) at AnnualCreditReport.com – often and correct any errors on those reports.

Good credit – building a solid credit history of wielding credit cards and other loans responsibly – will help you transition more gracefully through life's stages

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