

## Use Student Credit Cards to Build Your Credit Rating

Building a strong credit history is important. Many of the big "firsts" you will accomplish, from renting your first apartment and buying your first car to getting a job with real responsibility, will depend upon your having good credit. Therefore, you need to start building your credit history as early as possible so you are ready when you leave home and step out into the real world. Your student credit cards are the first step in your progress toward an excellent credit history.

Start by choosing the right student credit cards. Student credit cards often have "gotchas" built into the contract, from low initial interest rates that convert into high rates after a grace period, to high hidden fees. Pick a credit card with the lowest possible interest rate and no surprises hidden in the table of fees.

Then learn how to use a credit card sensibly. Using the credit card to buy a small amount each month is a good idea as long as you pay the balance in full at the end of each cycle. (After all, how are you supposed to show that you know how to be a responsible creditor if you never use your line of credit?) If you do carry a balance from one month to the next, pay more than the minimum required payment to reduce the amount of interest your account accrues.

If you use your student credit cards well, you will not reach your credit limit. However, emergencies do happen. If you find yourself nearing your credit limit, stop spending immediately. If you absolutely must exceed your limit, do everything in your power to pay back until you are under your limit as soon as possible. Most credit card companies will happily let you exceed your limit because the interest rates they can then charge you are exorbitant. Another side effect is that when you exceed your balance, a note may appear in your credit report, which will lower your credit rating.

And, of course, always pay all of your bills on time. This includes your rent and utility bills as well as your student credit card bills. If you pay any bill, even the smallest, late, that fact can show up on your credit report as a black mark against you. You have a grace period, but it is usually only about 30 days, so do not risk it.

Your credit history will determine more of your future than you suspect. Don't leave it to chance. Use student credit cards to establish the fact that you are a responsible and sensible consumer who can meet his or her financial obligations, and lay strong foundations for your future.

## About the Author

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