

BUILDING CHILDS CREDIT



Disclaimer

The information in this guide is current as of the date of creation. Please verify all details and check for updates regularly to ensure accuracy.

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Building Childs credit



Introduction to Building Childs Credit

Building your child’s credit score can provide them with a major head start in life. By the age of 18, they can have access to capital for college, credit cards, funding, buying a home, rental properties, and more. You don’t have to start building your child’s credit super young; starting around the age of 16 is recommended. You can still build their credit even if they are past 16 up until their 18th birthday.

IMPORTANT WARNING: If you are going to build your child’s credit, please realize that the items on this list will be your responsibility. Ensure the items are paid on time with low utilization until your child takes charge of their credit. If you are not confident in your ability to manage these accounts responsibly, it may be better to teach your child the lessons in this guide instead. This is why starting at age 16 is ideal, as it gives you only two years to maintain a perfect track record before passing it on to them.

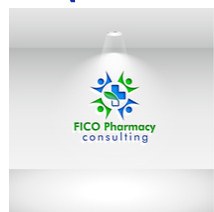
1. Educate Your Child

Start by educating your child on the importance of credit, what it is, and financial literacy around savings and spending habits. You can use our “Understanding Credit Score Guide” and “Financial Basics Guide.”



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2. Setting Up Accounts

To build your child's credit, set up three accounts before they turn 18:

Two Authorized User Accounts:

- **Existing Credit Cards:** Add your child as an authorized user on current credit cards with perfect payment history and low usage.
- **New Credit Cards:** Alternatively, open two new credit cards strictly for building their credit. Keep a balance reporting of less than 10%, but not zero. These cards can either be held by you or given to your teen with a spending limit to teach them the basics of spending.
 - **Credit Card Suggestions:** Discover it® Secured Credit Card, Citi® Secured Mastercard®, Journey® Student Rewards from Capital One, & Ava Financial (for subscription services)

One Bank Account:



Open a Savings Account: Establish a bank account for them at a credit union or major bank. Aim to have at least \$1,000 in the savings account by the time they turn 18. This account helps build a relationship with the credit union and acts as a foundation for future credit applications.

3. Rent Reporting

Bonus Tip: At the age of 18, add rent to your child's credit report using services like Rent Reporters and Rental Karma. This can instantly give them two years of history on two accounts, adding depth to their credit profile. Choose a comfortable rent amount and act as their landlord, verifying their perfect payment history.



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4. Applying for Credit

When your child turns 18, assist them in applying for credit with intent and purpose. Avoid store credit cards and focus on cards with rewards and benefits. Ensure that all accounts are reporting before applying for new credit.

Recommended Credit Cards:

- Chase Sapphire Preferred® Card
- Citi® Double Cash Card
- American Express® Gold Card



Conclusion

Building your child's credit involves educating them, setting up strategic accounts, and ensuring responsible management. By following these steps, you can help your child establish a strong credit profile by the age of 18. If you need further assistance or personalized guidance, book a free consultation with FICO Pharmacy Consulting LLC.



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NEXT STEPS



Thank you!

For personalized recommendations and further assistance, feel free to reach out to FICO Pharmacy Consulting LLC.

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