

# SAFE CREDIT BUILDING PRODUCTS

Safe and affordable credit-building products can help raise your credit score.

## *DID YOU KNOW . . .*

**Over 200,000 Boston residents have limited or no credit history or a low credit score.**

Your credit score affects where you can live, where you can work, what you can buy, and even how much you pay for things. A good credit score can be a game changer—it can help you build wealth and achieve your financial goals.

**Follow Boston Builds Credit's guidelines to identify the loan product that's right for you as you embark on your credit-building journey.**

## **CREDIT BUILDING LOANS**

If you are just beginning to build credit or if you haven't used credit in a long time, consider opening one of these types of loans with an established financial institution such as a bank or credit union:

**Credit Builder Loan** — if you have little or no money in savings.

- The loan is opened for a specific dollar amount determined by the lender.
- You don't need to provide cash up front.
- Monthly payments go into a locked savings account.
- At end of the loan term, the account will be unlocked and the money is yours.

**Small Dollar Loan** — if you have some money that you don't need to touch for a while.

- A loan is opened for an amount you already have in a savings account or a certificate of deposit with a bank or credit union.
- That money is used to pay off the balance of your loan over time.
- When the loan is repaid, the money is yours again.

Boston Builds Credit is mobilizing a movement to make credit work better for everyone. Drawing together partners from across the city, including community members, local government, financial institutions, and community-based organizations, we're empowering Boston residents to achieve a prime credit score, build wealth, and remove barriers to success. And we're working with the credit system to advance racial and economic justice and dismantle systemic inequities in financial wealth and wellbeing.



[www.bostonbuildscredit.org](http://www.bostonbuildscredit.org)



## QUESTIONS TO ASK

To avoid high interest rates and hidden costs when opening a loan, look for a **YES** answer to these questions:

YES	Credit Building Loan Core Features	Why?
✓	Does it report to all three major credit bureau companies?	A loan that reports to Experian, TransUnion, and Equifax will optimally improve your credit score.
✓	Is the term at least 12 months long?	A long-term payment history on a loan demonstrates better financial habits.
✓	Can you afford the payment?	Know your budget. Your loan amount + interest rate should be affordable.
✓	Is the privacy policy clear?	How will your data be used? You might start receiving unwanted offers once you open your loan.

For a list of credit building loans available at Boston financial institutions, go to <https://bit.ly/3tiYz1g> or scan the QR code.



Financial coaching is shown to lead to improved credit scores, decreased late payments, and lower financial stress. Ask your credit card provider if they offer financial coaching and education, or visit Boston Builds Credit at [www.bostonbuildscredit.org](http://www.bostonbuildscredit.org) to connect with a Boston Builds Credit financial coach.



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