

Study Shows Americans Need to Get Financially Fit

by newsusa

(NewsUSA) - Most Americans lack basic understanding when it comes to their credit score and personal finance, according to the results of a survey by consumer advocacy group Consumer Action and financial services provider Capital One.

The survey polled 1,002 American adults. It gauged respondents' knowledge of the basics of personal finance like budgeting, saving habits and credit principles.

More than one-third reported they do not use a budget to manage their family's expenses; over 30 percent of those surveyed either did not know or responded incorrectly when asked to define a good credit score; and nearly one-fourth have never reviewed their credit report.

"Given the growing importance and influence of credit scores on purchasing decisions, it's startling that the majority of Americans do not understand what constitutes a good credit score," said Ken McEldowney, executive director of Consumer Action.

Various factors are used to determine a credit score, including a consumer's payment history, the amount of debt currently owed and the length of credit history.

An amendment to the federal Fair and Accurate Credit Transactions Act passed in 2004 now allows consumers to receive one free credit report every year from each of the three major credit reporting agencies. Consumers can request their reports online at www.annualcreditreport.com.

As easy as it is to check your credit score and credit report, "many still neglect to take this simple step to protect their credit and their finances," said Diana Don Colby, director of financial education at Capital One.

Besides reviewing your credit report, experts agree education is the key to a healthy financial future. To help consumers understand the basics, Capital One and Consumer Action created the MoneyWi\$e financial education program.

The MoneyWi\$e program includes free, multilingual brochures on personal finance topics, such as improving and rebuilding credit, budgeting, saving and investing.

To obtain a free brochure and learn more about MoneyWi\$e, go to www.money-wise.org or www.capitalone.com/financialeducation.

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