Few students may realize that, regardless of their college or degree, their credit scores will have an even more profound impact on their financial and professional lives. By no means is the credit report kept secret. It only takes a little effort to obtain and review. Though students are introduced to the credit card, borrowing and loan basics, they need ongoing financial literacy programs and mentors to avoid the many missteps that will put them behind the financial eight ball.

It takes time to establish excellent credit scores, but waiting until after college is simply too late. Understanding how the process works will not only improve the chances of a lower interest rate but also can impact future employment and financial choices.

Here are 10 ways that can guide students down the right path.

1. Understand your credit score and borrowing costs. For starters, these websites are excellent resources for understanding and building credit:
   - [www.annualcreditreport.com](http://www.annualcreditreport.com) is the only authorized source for the free annual credit report under The Fair Credit Reporting Act. This act guarantees access to an individual's annual free credit report from each of the three nationwide credit reporting companies — Experian, Equifax, and Trans Union. These companies use detailed formulas based on credit history, amount owed, length of credit history, new credit transactions and FICO credit scores ranging from 300 at worst to 850 at best to measure a student's risk of default.
   - [www.bankrate.com](http://www.bankrate.com) provides the latest borrowing rates, calculators and resources to evaluate federal and alternative loans.

2. Students always should take advantage of Stafford loans regardless of their income. These loans are not based on credit scores, do not need to be co-signed by a parent and have more repayment options than any other loan. Even if it is repaid quickly, these loans help the students establish good credit before they graduate. Students also are encouraged to pay off their alternative loans first because of their variable interest rates and shorter repayment cycles.

3. Don't think federal loan consolidation will lower your interest rates. It only makes things easier to repay without having a significant impact on the costs of borrowing.

4. Create a budget to define each expense as a necessity or a "nice to have." Focus on funding the necessities first without having to borrow money to pay for the fun stuff. Without a budget the student will never know where his financial performance is heading.

5. Coordinate credit card closing and payment dates with available funds. In other words, students should not have to borrow money to pay everyday expenses. Statement dates can be negotiated and should always be paid in line to minimize risk.

6. Understand credit card basics. Students may not realize that paying a minimum monthly payment only eliminates a late fee but not the interest. Despite financial enticements, more credit cards will not help your credit score and can only add to the debt load. Zero percentage financing and no money down will only work if the consumer makes timely payments. Missing even one payment means that the zero percent will revert back to a much higher percentage when a payment is late. Students need to understand what I call the 3 P's of credit. They are payment amounts and credit limits, periods to repay and penalties for late or missed payments.

7. Consider installment payment options. Most colleges offer programs requiring a small up-front fee to pay affordable no-interest monthly installments for up to 12 months. This is not a teaser rate but based on a short payment cycle based on a student's or his or her family's ability to pay.

8) Don't turn your back on a parent PLUS or graduate PLUS loan. Although alternative loans may seem more tempting, the PLUS loans offer unique features that other loans do not. Unlike alternative loans, PLUS loans are not based on FICO scores. However, credit reports are checked to ensure that no payments are 90 days past due, and the borrower has not gone through a bankruptcy or a foreclosure in the past five years.

9) Find a job no matter how demeaning. Lower your standards and recognize what my first boss told me: "The work may be dirty, but the money is clean." The more cash you have the less there is to borrow.

10) Students should be scared straight about the costs of identity theft and how difficult it is to remedy problems. That is why it is so important to minimize the number of credit cards, pay bills online and not share financial information with those who do not need to know.

Periodically checking on financial status should not be an option but an ongoing habit to maintain financial well-being.

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