Life can get in the way of good credit

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Many life events affect us not only emotionally but also financially.

Last week, Texans became eligible for free credit reports under a federal law. So it's a good time to think about how births, deaths, marriage and divorce affect your credit.

Marriage is a partnership in every sense of the word. You're merging not only your emotional lives but your financial lives, and that includes your credit histories.

"When you go into a marriage, you not only have these joint accounts in many cases, but you also have the joint responsibility," said Daniel Drummond, spokesman for Your Credit Card Companies, a consortium of major credit card issuers.

"In community property states, such as Texas, both spouses may be responsible for the debts incurred in a marriage, even if the debts are in one spouse's name only."

Both partners are responsible for paying off debt incurred jointly.

If either of you change your name or home address, inform your creditors immediately; otherwise, your credit report may only display credit activity since the name change.

What looks good on your credit history and raises your credit score is evidence that you've had a long credit history and have paid your bills on time.

If you're updating your name or address by telephone, ask whether the credit company requires sending additional written documentation of the new information.

Children

Children are precious, but they're expensive to raise, so managing your credit is crucial.

"Parents want to know they will have credit when they need it, whether it is for paying for an unforeseen medical emergency or a child's college education," Mr. Drummond said.

Parents should create a budget that takes into account new child-related costs.

They should track monthly spending and adjust the family budget so it's reasonable, realistic and achievable.

Make sure you pay your bills on time. It's a major component of your credit score. Use credit only if you can repay it.

Death

When a spouse dies, the surviving partner is responsible for paying joint accounts.

By law, a creditor cannot automatically close a joint account or change the account's terms because of a death.

"They may ask the surviving spouse to update credit information or reapply for an individual account," Mr. Drummond said.

Divorce

Divorce can be one of the most financially devastating events in a person's life, and credit issues are a main cause of that.

"Credit cards are the main villain, because the debt is so mixed," said **Paul Brumley**, a family law attorney and partner at Verner & Brumley in Dallas.

"Everybody has a card on the other person's account," he said.

Divorce means partners must divide their assets and debts during what is an extremely stressful period.

"Divorce doesn't change the terms with creditors," Mr. Drummond said.

"If you've got joint credit, both partners are still responsible for the debt, even if they're separated or divorced."

Creditors can still hold a partner liable for debts incurred by that partner, even if a court orders the former spouse to pay them.

In the event of a divorce or separation, list all accounts and make sure you know the balances and whether the account is joint or individual.

Contact your creditors and inform them of your situation. Then untangle your marital credit.

"By law, joint accounts cannot be closed simply because a divorce is planned or granted," Mr. Drummond said.

If there's one piece of advice that fits all these situations, it's this: No matter what your situation, make every effort to pay your creditors on time, even if it's just the minimum payment.

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