



AUTHORIZED USER VS. JOINT ACCOUNT HOLDER

When it comes to adding another person to your account or joining someone in sharing a credit card, it's important to understand both options.

- ◆ An **AUTHORIZED USER** is someone who is approved to make credit card purchases with your account but is not responsible for the credit card balance.

The **Authorized User** is NOT free of all financial repercussions. A missed payment can reflect negatively on all Authorized Users on an account when it comes to Credit Scores. This is also true for Credit Utilization rates, which can spike with a large outstanding balance creating lower Credit Scores.

The account holder has the responsibility for what the **Authorized User** does, including making charges and running up the balances. Allowing someone to become an **Authorized User** benefits the User.

- ◆ A **JOINT ACCOUNT HOLDER** is someone who co-owns a credit card account and is equally responsible for paying the balance.

All parties involved are likely to be required to go through the application process which could affect the interest rate. They also will be subject to direct impact on their individual Credit Scores based on the actions taken with the account. A single missed payment, for example, could negatively impact two different Credit Scores.

If there is a falling out and the account is closed, **Joint Users** could see Credit Score impacts based on utilization rate and the average age of credit. If one of the **Joint Account Holders** dies, the other would likely be left responsible for the full balance alone.

When To Use Authorized User...

- * Someone in your household has poor credit and is unable to obtain a card on their own.
- * A young adult in the household needs help developing credit history.
- * A teenager in the household needs access to funds for nominal or emergency purchases.

When To Use Joint Account Holder...

- * Spouses or partners who wish to set up a new account to pay bills together.
- * Members of a household want to "combine forces" for the best possible credit opportunity.

A final note:

The Authorized User path is simpler and safer route if you need to share an account. Yes, you're on the hook alone, but you're also in complete control if things go wrong.



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