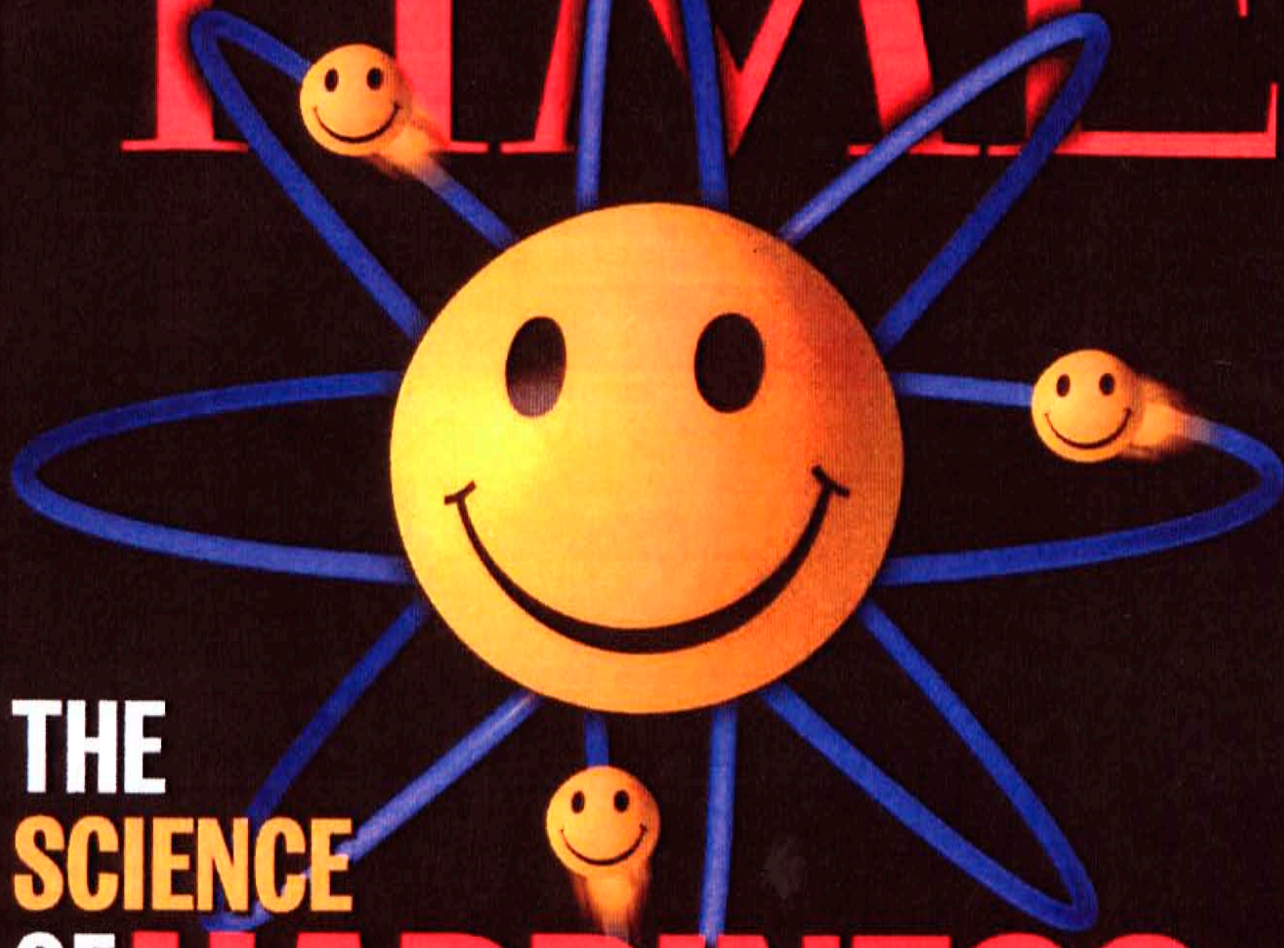


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# Watch Your Wallet!

## More employers are checking out the credit histories of job applicants

By **BARBARA KIVIAT**

**T**HERE'S AN INCREASING likelihood that the next time you apply for a job, your would-be employer will ask to run a credit check. About 35% of companies consider applicants' credit histories, up from 19% in 1996, according to the Society for Human Resource Management, an HR trade group. Why? Companies figure that folks with decent financials are less likely to pilfer and that good management of personal finances translates into responsibility on the job. As security concerns mount and technology makes it easier to run checks, more companies are jumping on board.

But some advocacy groups are wary of the practice, especially when companies run credit checks on people applying for jobs that do not involve handling money or sensitive financial information. Studies from Eastern Kentucky University have found that good credit and good job performance don't necessarily go hand-in-hand, partly because bad credit can result from circumstances outside a person's control, such as sky-high medical

bills. Moreover, a complaint filed with the Equal Employment Opportunity Commission (EEOC) by an African-American woman denied

a job because of her credit report raises the question of whether using credit history as a screen leads to discrimination, since minorities, as a group, have had less access to credit. (The case is still pending at the EEOC.) And then there is the fundamental matter of privacy. Says Tena Friery, research

director at the San Diego-based Privacy Rights Clearinghouse: "How far into your personal life is your employer entitled to go?"

If you're asked about a credit check, here's what you should do:

**KNOW YOUR RIGHTS.** Under the Fair Credit Reporting Act, companies must ask for

say that would probably put you at a disadvantage in the candidate pool, if not knock you out of contention altogether.

**CHECK YOUR REPORT.** Mistakes abound in credit reports, so make sure that what your potential employer sees is correct by requesting copies from each of the three major credit bureaus: Equifax (800-685-1111), Experian (888-397-3742) and TransUnion (800-888-4213).

By September, all Americans will be able to get one free report a year from each bureau by calling 877-322-8228, but right now people in most states still have to pay.

**BE PROACTIVE.** If you think your credit report reflects poorly on you, explain to the employer why that is—and why it won't have any effect on your job performance. "Say, 'This is what you're going to find, and here are the circumstances,'" counsels Johnny Taylor Jr., president of McGuireWoods HR Strategies, which advises companies on credit checks. "It at least gives you a fighting chance."

**GET NOTIFICATION.** A company that doesn't hire you because of your credit report (even if that's only part of the reason) has to notify you twice: while it is considering not hiring you and again after it makes the final decision. The company must send you a copy of your credit report, which is a good time to review the accuracy of the information if you haven't already done so.



your permission to run a credit check. Once you say yes, that permission remains on the books, and employers can run additional checks—even years later—if they're considering promoting, transferring or firing you. You have the right to refuse a credit check, but employment experts