

Credit Scoring – Take Charge!

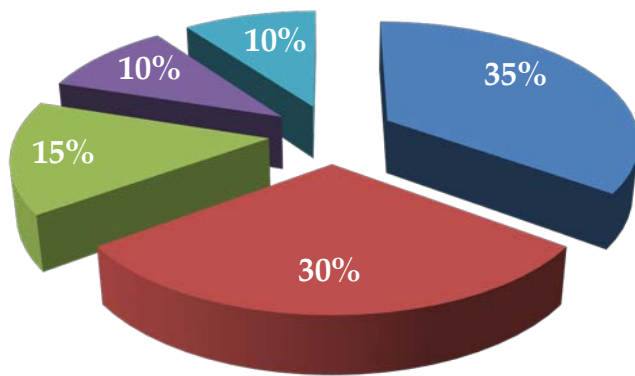
Credit scoring may be used with decisions on eligibility for loans, the cost of insurance premiums, and even employment or rental applications. A credit score is a calculation based on factors from your credit report at the time the score is requested. Scores can be improved with strategy and time.

Highest and Lowest FICO Scores

The FICO score was created by Fair Isaac Corporation. FICO scores range from 300 to 850. A lower score often results in paying more for the cost of credit and services, so it is worthwhile to know the factors to improve scores. Ideally, reaching a credit score of 700 or higher is recommended.

Credit Score Factors

FICO scores are based on a combination of five main kinds of credit information; some have more impact.



- (35%) Payment History:** whether or not you make payments on time and in the correct amount
- (30%) Debt Balances:** combined total debt owed, outstanding balance compared to credit limit
- (15%) Length of Time:** when an account was opened and when it was used last
- (10%) New Credit:** number of inquiries, time since credit inquiry, new credit opened
- (10%) Credit Type:** mix of credit used such as installment debt, revolving debt, consumer finance accounts

Key Strategies to Maintain and Improve Credit Scores

- Pay bills on time & before the due dates with at least minimum payments requested on billing statements
- Keep debt balances below 30% of the credit limits, e.g. for a \$1000 credit limit then owe no more than \$300
- Apply for and open new credit accounts and services only as needed
- Check credit reports for errors, make corrections, and remove outdated negative information

Credit reports are free once a year! Know what is on your credit reports and request one from Transunion, Experian, and Equifax at www.annualcreditreport.com or by calling (877) 322-8228. While reports are free, expect to pay a small fee for each score requested. Special note: obtaining your own credit report directly from a credit reporting agency will not affect your credit score.

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