

# 5 Tips To a Better Credit Score

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# Understanding the difference





# Scoring Factors

## CREDIT SCORE BREAKDOWN





# Why is good credit important?

- Land your dream job
- Obtain competitive loan rates
- Flexibility to buy or rent your home



# Tip # 1:

Make your loan and credit card payments on time.

- Most important component of your credit score.
- Creditors may report payments at 30 days past due.
- Late payments can drop your credit score by as much as 80 points or more

# Ways to improve payment history

- Maintain a monthly budget
- Build up a savings account
- Have a spending plan in place
- Set reminders for due dates
- Automate your payments





# Tip # 2:

## Keep your balances low.

- Know your credit limits.
- Keep balances at 30% or less of credit limit.
- Have a plan to pay down balances.
- Stop using accounts you need to pay down.

# Effects of increasing your minimum payments

Original Balance	APR	Monthly Payment	Total # of Monthly Payments	Total Years to Pay Off	Total of Payments
\$2,500	18%	Min. \$62.50	204	17	\$5,674
\$2,500	18%	Min. +\$50 \$112.50	28	2.3	\$3,064
\$2,500	18%	Min. + \$100 \$162.50	18	1.5	\$2,864





## Tip # 3:

Don't close your oldest credit cards and accounts.

- Review credit report to determine length of accounts.
- Utilize subscription payments to keep accounts active.



# Tip # 4:

Have a variety of different types of credit.

- Revolving (credit cards, lines of credit).
- Installment loans (mortgage, auto, personal, student).



# Tip # 5:

Don't open too many credit lines too soon.

- Frequency may negatively impact your score.
- Maintain utilization less than 30%.



# Obtaining your Credit Reports

- Visit [www.annualcreditreport.com](http://www.annualcreditreport.com)
- Call 877-322-8228
- Complete the Annual Credit Report Request form at [www.ftc.gov/bcp/edu/resources/forms/requestformfinal.pdf](http://www.ftc.gov/bcp/edu/resources/forms/requestformfinal.pdf)
- Request via mail at:
  - Annual Credit Report Request Service
  - P.O. Box 105281
  - Atlanta, GA 30348-5281

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