

# Improving Your Credit Score



## Leader Talking Points

- You can request a free credit report once every 12 months from each of the three credit bureaus—TransUnion, Experian, and Equifax—at [www.annualcreditreport.com](http://www.annualcreditreport.com)
- Other free credit score sources:
  - [www.creditkarma.com](http://www.creditkarma.com)
  - [www.creditsesame.com](http://www.creditsesame.com)
  - [www.mint.com](http://www.mint.com)
  - Certain credit card companies (e.g., American Express, Bank of America, Barclays, Capital One, Chase, Citi, Commerce, Discover, U.S. Bank, Wells Fargo) provide free credit scores to clients
- Your credit score is calculated based on five factors:
  - Payment history (35%)
  - Amounts owed (30%)
  - Length of credit history (15%)
  - Types of credit (10%)
  - New credit (10%)
- Check your credit report for errors
  - Dispute errors in writing or online directly to the credit bureau
  - The Fair Credit Reporting Act requires all disputes be investigated and responded to within 30 days
- Improve your score by making payments on time
  - Pay any collections in full
  - Set up payment reminders
  - Utilize online banking reminders
  - Enroll in auto-pays to ensure payments are debited on time

# Improving Your Credit Score



- Improve your score by reducing the amount of debt you owe
  - Stop using your credit cards
  - Determine how much you owe
  - Create a payment plan to pay off debt or seek credit counseling for help
  - Keep balances low on credit cards and other revolving credit
- Don't close unused credit cards as a short-term strategy to raise your scores
  - A closed account will still show up on your credit report and may be considered in determining your score
- If you have been managing credit for a short time, don't open a lot of new accounts too rapidly
  - New accounts will lower your average account age, which will reduce your score
  - Rapid account buildup can look risky if you are a new credit user
- Reestablish your credit history if you have had problems in the past
  - Have credit cards, but manage them responsibly
  - Apply for and open new credit accounts only as needed
  - Be sure to pay new credit off on time
- Beware of credit repair shops—there are no “quick fixes”
- Raising your scores after a poor mark on your report or building credit for the first time will take patience and discipline
  - Prioritize correcting any errors in your credit history, then follow guidelines to build and maintain consistent, good credit