

CLIMBING *the* CREDIT MOUNTAIN



549 & Below=E

550-599=D

600-639=C

640-679=B

680-729=A

730-830=A+

What Makes Up Your Credit Score?

- 35% = Payment History (i.e. on-time pays or delinquencies)
 - More weight on current pay history
- 30% = Amount Owed (a.k.a. Capacity)
- 15% = Length of Credit
- 10% = New Credit (accumulation of debt in the last 12-18 months)
 - # of inquiries
 - Opening dates
- 10% = Type of Credit
 - Installment (can raise) vs. revolving (can lower)
 - Finance company loans can lower your score

What Actions Hurt Your Score?

- Missing payments *· Affects my score 60-100 points.*
- Credit cards at capacity *· Approximately 1 point for every % used.*
- Shopping for credit excessively *· Plan for no more than 2-4 inquires per year.*
- Opening up numerous trades in a short time frame
 - Recommend no more than 2-3 accounts per year.*
- Having more revolving debts in relation to installment debts
- Closing credit cards out (this could lower available capacity)
- Borrowing from finance companies
 - See your credit union first. We are here to help.*

How Can You Improve Your Score?

- Pay off or pay down on your credit cards
- We recommend not closing credit cards as it may decrease capacity
 - Exception: When you have had a bad experience with credit cards and don't want to go down that road again or paying an annual fee.*
- Move your revolving debt into installment debt
- Continue to make payments on time *(Older late pays will become less significant with time).*
- Slow down on opening new accounts
- Acquire a solid credit history with years of experience
- Last 12 = 40%
- 24 = 70%
- 36 = 90%

MY PLAN TO RAISE MY SCORE

Date: _____

My Credit Score is: _____

Action Steps:

1. _____
2. _____
3. _____

FICO Score Goal: _____

Savings: _____

Follow-up Date: _____