

# Get \$SMART Wausau C O A L L I T I O N

*"Educating people to make smart money choices."*

## **Q** What is a credit score and how can I increase my score?

**A** Credit scoring is a system creditors use to help determine whether to give you credit and how much to charge you for it. Maintaining your credit score at the highest level possible will allow you to receive preferred interest rates on loans as well as the best possible premiums on auto and homeowners insurance.

Information about you and your bill-paying history, the number and type of accounts you have, late payments, collection actions, outstanding debt, and the age of your accounts, is collected on your credit report. A credit scoring system awards points for each factor. A total number of points – a credit score – helps predict how creditworthy you are. Credit scores can range from 300 to 850 with a median score of 723.

Here are some ways to increase your credit score.

**Pay all bills on time.** This is probably the most important factor in your credit score. If you're consistently 30 days overdue, your score can drop by as much as 100 points.

**Think twice before closing accounts.** Lenders are looking for consumers with long credit histories that have been managed well.

**Minimize credit card applications.** Each time you apply for credit, a lender requests to view your report. This inquiry is noted and can reduce your overall score.

**Keep balances low.** Your credit score evaluates your total balances in relation to your available credit. Credit cards that are maxed out can lower your score. Try to keep your balances less than 50% of your credit limit.

**Correct inaccurate information on your report.** Tell the consumer reporting company, in writing, what information you think is inaccurate.

The official consumer website for a free credit report from any of the three credit reporting agencies is [www.annualcreditreport.com](http://www.annualcreditreport.com). You will have to pay a small fee to obtain your credit score. You may also obtain your free credit report by phone at 1-877-322-8228 or by mail at Annual Credit Report Request Service, PO Box 105281, Atlanta, GA 30348-5281.

Visit [www.getsmartwausau.org](http://www.getsmartwausau.org) for information on free or low-cost local programs to help you make smart money choices.