

# What Makes Up a Credit Score?

Included in every credit report is a credit score that lenders use to predict how a person will pay back a future loan or credit card debt. You can use the five factors that make up a credit score to improve your own and prepare for your financial future!



**1**

## Payment History (35%)

More than a third of your credit score is made up of your recent payment history. Several late payments can be more damaging to your credit score than a bankruptcy from several years ago.

**2**

## Amounts Owed (30%)

Do you have credit available in case of an emergency? Credit agencies like to see that the balance you carry is not close to the limit. A balance over 35% of a credit card's limit can negatively affect your credit score.

**3**

## Length of Credit History (15%)

How long have you been using credit cards and paying on installment loans? A longer history helps your score. Never cancel a card that you have had for a long time.

**4**

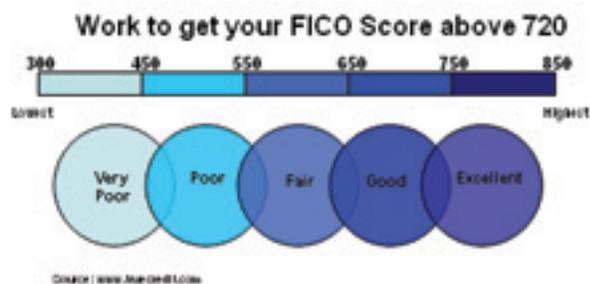
## New Credit (10%)

Your credit report will be pulled each time you apply for a form of credit. It is important not to apply very frequently. These inquiries will lower your score.

**5**

## Type of Credit Used (10%)

When you are ready, apply for different types of credit. Mortgages, car loans and student loans are considered installment loans. In order to diversify, you may apply for a credit card which is a type of revolving credit.



## Did you know?

There is no such thing as a fixed interest rate or limit on a credit card. Pay close attention to your statements to see if changes have been made.

If you are having trouble making payments, pay bills tied to physical collateral first (i.e. mortgage, car). Unsecured credit cards can't "take your belongings" but delinquency on a mortgage/ line of equity could result in foreclosure.

Paying more than the minimum on your monthly credit card payment could save significantly on interest payments and may make it less likely that your limit be slashed in the future.

## Resources

National Federation for Consumer Credit Counseling  
[www.nfcc.org](http://www.nfcc.org) or 1-800-388-2227

Contact [www.accessproject.org](http://www.accessproject.org) if you have unpaid medical debt

## Quick Tips to Improve Your Credit Score

- Get current on past late payments
- Get balances under 1/3 of limit
- Check your credit report for free at: [www.annualcreditreport.com](http://www.annualcreditreport.com)
- Dispute incorrect information with each credit bureau in writing!