

## Your Credit Score

***How to maintain good credit by paying attention to the 5 basic categories of credit scoring.***

### **Payment History- 35%**

- Tracks how you repaid debt: on-time, 30-days late, 60-days late, etc.
- Recommendations:
  - Pay bills on time (no more than 30 days late)
  - Stay current on Student Loan Payments
  - Time heals all wounds- the impact of a late payment diminishes over time

### **Outstanding Debt/Availability- 30%**

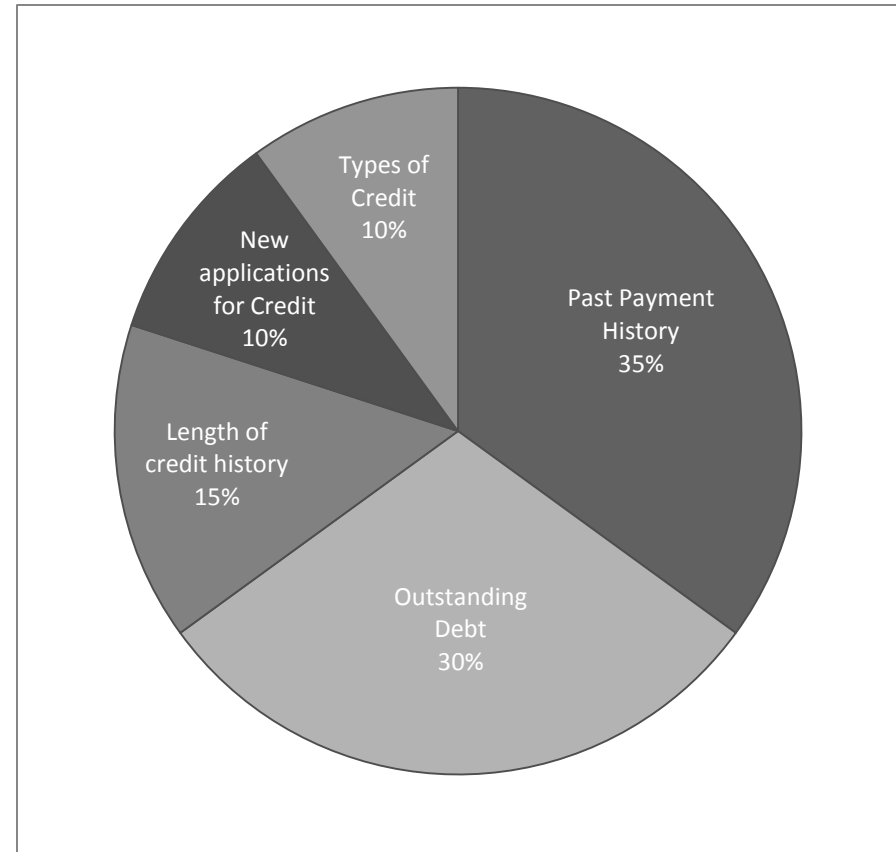
- How much debt you have compared to how much you could have
- Add total revolving debt and divide by total revolving limits: the more available, the higher the score
- Recommendations:
  - Don't close credit lines!
  - Keep balances low: maintain 50-70% availability at all times
  - Always try to make more than the minimum payment each month

### **Length of Credit History- 15%**

- Determined by your oldest account and average age of your accounts: Every new account affects the average age
- Recommendations:
  - Stop applying for new credit
  - New borrowers must simply wait it out

### **New Applications for Credit (inquiries) – 10%**

- Inquiries in the last 24 months
  - Promotional, employment and consumer-initiated Inquires don't count
- Recommendations:
  - Apply for new accounts only when necessary
  - Avoid retail store offers



### **Types of Credit- 10%**

- Mix of installment, revolving and consumer finance loans
- Recommendations:
  - Avoid finance companies
  - Carry a majority of debt in installment loans