

Tips to Improving Your Credit Score

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Pay down your credit cards. Paying off your installment loans (mortgage, auto, student, etc.) can help your scores, but typically *not as dramatically* as paying down -- or paying off revolving accounts such as credit cards. Lenders like to see a big gap between the amount of credit you're using and your available credit limits. Getting your balances below 30% of the credit limit on each card can really help. While most debt gurus recommend paying off the highest-rate card first, a better strategy here is to pay down the cards that are closest to their limits.



Use your cards lightly. Racking up big balances can hurt your scores, regardless of whether you pay your bills in full each month.

What's typically reported to the credit bureaus, and thus calculated into your scores, are the balances reported on your last statements. (That doesn't mean paying off your balances each month isn't financially smart -- it is -- just that the credit scores don't care.) You typically can increase your scores by limiting your charges to 30% or less of a card's limit.

Check your limits. Your credit score could be artificially depressed if your lender is showing a lower limit than you've actually got. Most credit-card issuers will quickly update this information if you ask. If you consistently charge the same amount each month -- say \$2,000 to \$2,500 -- it may look to the credit-scoring formula like you're regularly maxing out that card.

You could go on a wild spending spree to raise the limit, but a more sober solution would simply be to pay your balance down or off before your statement period closes. Check your last statement to see which day of the month that typically is, *then go to the issuer's website about a week in advance of closing and pay off what you owe.* It won't raise your reported limit, but it will widen the gap between that limit and your closing balance, which should boost your score.

Dust off an old card. Use them...The older your credit history, the better. If you stop using your oldest cards, the issuers may stop updating those accounts at the credit bureaus. The accounts will still appear, but they won't be given as much weight in the credit-scoring formula as your active accounts, said Craig Watts, an executive at Fair Isaac, one of the leading credit scorers. Use your oldest cards every few months to charge a small amount, and pay it off in full (a week prior to the statement closing period) or when the statement arrives.

How to Correct Errors on Your Credit Report:

Here's the stuff that's usually worth the effort of correct issues on your credit report with the three major credit bureaus:

- Late payments, charge-offs, collections or other negative items that are not yours.
- Credit limits reported as lower than they actually are.
- Accounts listed as "settled," "paid derogatory," "paid charge-off" or anything other than "current" or "paid as agreed" if you paid on time and in full.
- Accounts that are still listed as unpaid included in a bankruptcy.
- Negative items older than seven years (10 in the case of bankruptcy) that should have automatically fallen off your reports.

Some of the stuff that you typically should NOT worry about includes:

- Various misspellings of your name.
- Outdated or incorrect address information.
- An old employer listed as current.
- Most inquiries that you initiate.

If the misspelled name or incorrect address is because of identity theft or because your file has been mixed with someone else's, that should be obvious when you look at your accounts. You'll see delinquencies or accounts that aren't yours and should report that immediately. However, if it's just a goof by the credit bureau or one of the companies reporting to it, it's usually not much to sweat about.

Closing an account (line or credit) can't help your score, and may hurt them. If your goal is boosting your score, leave these alone. Once an account has been closed, though, it doesn't matter to the scoring formulas who did it -- you or the lender.

Equifax — www.equifax.com

To order a report, call: 800-685-1111

To report fraud, call: 800-525-6285

Experian — www.experian.com

To order a report, or report fraud
call 888-397-3742 (EXPERIAN)

TransUnion — www.transunion.com

To order a report, call: 800-888-4213 • To report fraud, call: 800-680-7289

To get a free copy of your credit report, once a year, click on:

www.AnnualCreditReport.com