

From 300 to 850 - Factors Keeping You From Perfect Credit

Unless you're a dragon that lives inside a mountain on top of an endless supply of wealth, your ability to access credit matters. Whether you're buying your first home or upgrading your ride, your credit score impacts your loan rates, approval times, access to cards with better rewards, and even international travel! You don't need to be a finance expert to find ways to improve your score starting today- by keeping these tips in mind and using one (or several) free resources, you can begin your journey toward better credit.

The Biggest Factors That Affect Your Score

Pay your credit card bills on time, and know how much credit to take. According to Experian, your payment history and credit utilization ratio (how much of your available credit you use) together make up 65% of your FICO score. While paying your bills on time is a no-brainer, credit utilization is a bit more tricky. The magic number is somewhere around 30%, meaning that if someone's credit limit is \$1000, they should only use \$300 of that at any time. Any more means an over-reliance on credit, and any less implies an inability to handle larger amounts.

The rest of your score is determined by the length of your credit history, the amount of new credit you take on, and the mix of credit sources (mortgages, loans, credit cards). By slowly and steadily taking on more credit while proving financial solvency (i.e. paying it off on time), you will boost your score by demonstrating trustworthiness with lenders.

Factors Most Consumers Miss

When it comes to credit, don't forget the small stuff. Unpaid library cards, parking tickets, or utility bills could hurt your credit, even if you've been exemplary in paying off larger loans, i.e. your mortgage or credit card(s). Credit bureaus collect information from a vast array of financial sources in an attempt to create an accurate picture of your credit behavior. A little bit of vigilance can go a long way.

One of the most common - and most avoidable - mistakes people make is not checking their credit. Someone with a common name might have another person's information in their credit file. Similarly, a clerical error on the part of the lender might mean missing info on an otherwise perfect payment history for a card or credit account. If this person had only run a credit check and disputed the error, they would have instantly rectified their score. Don't let this person be you!

Resources at Your Fingertips

Investopedia recommends reviewing your FICO scores annually. You can check your Experian, Equifax, and TransUnion credit reports annually through [AnnualCreditReport.com](https://www.annualcreditreport.com). To check your credit score more regularly for tips and suggestions, Credit Karma, Credit Sesame, or Credit.com are all great places to start.

<button class="CTA">Check Your Credit Score</button>

- 1) <https://www.experian.com/blogs/ask-experian/credit-education/score-basics/what-affects-your-credit-scores/>
- 2) <https://www.investopedia.com/financial-edge/0212/7-things-you-didnt-know-affect-your-credit-score.aspx>