

Protect Your Credit Score

Written by Lisa vonLorez
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Protect Your Credit Score!

Jill knew she had to get her credit score "under control" before graduating from college if she wanted to avoid problems with signing an apartment lease or getting a loan. "I want to get a car someday and I want it on my own without help from my parents" Jill said.

Jill cut back on her spending in order to pay down her credit-card debt faster. Finally six months later and debt-free the 24 year old pays any balance in full each month. Her credit score has gone from an average to score of 697 to an excellent score of 785.

Jill is just one of the many twenty-somethings learning to importance of a credit score, a number used by lenders to determine if you qualify for a credit card, mortgage and other loans. Your credit score is also used when you apply for an apartment lease and even for some jobs.

The credit score is the only grade that matters after you graduate from school some say. It's "your number or grade" that follows you around for the rest of your life.



A credit score is comprised of factors including your payment history, debt amount & how much of your credit limit is currently used. There are many credit scores, but the most widely used is the FICO score. Depending on the information in your credit report, you could get a FICO score from each of the three major credit-reporting companies: Experian, TransUnion & Equifax. A FICO score ranges from 300 to 850, with a score above 725 landing you the best approval and interest rates, according to FICO. A score below 560 deems you a credit risk.

Younger adults typically have a short credit history so blips can make a big impact on their credit scores. To keep a good score intact or to revamp a bad score, focus on making loan and credit-card payments on time. Also, try to pay more than the minimum amount each month. Having a balance of more than 30% of your credit limit will hurt your credit score too.

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If you'll begin to repay student loans later this year, set up automatic payments through the lender or online banking so you don't miss any payments.

It may be tempting to cancel extra credit cards once you've paid off your balances, but doing so could actually lower your score. If you cancel your oldest credit card it will affect the length of your credit history, one of the factors in determining your score. But also be careful about applying for credit cards or loans. Each time a lender officially looks at your credit report and score, your score gets dinged.

If you don't have a credit history, you can start to build one with a secured credit card, in which you deposit a sum into the card and can charge up to that amount. It's a good way to build your credit history.

Whatever you do, just keep in mind that your credit score is used to analyze your financial worthiness so, protect your credit and watch it annually.