

# WISERWoman

A QUARTERLY NEWSLETTER FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT

Specially Prepared for the Center for American Nurses

## Credit Scores

You may have heard that it's important to have a good credit score. But what does that actually mean?

A credit score is a three-digit number, ranging from 300 to 850, that tells lenders and creditors how reliable you are when it comes to paying debts. It includes your date of birth and address. Your credit score is based on how you are repaying your creditors, how much you owe, the length of your credit history, new credit and the types of credit you use. For each factor showing your good credit, you get more points.

Lenders and creditors use credit scores because it helps them determine whether to approve your loan and how much interest they should apply. The better your score, the better the interest rate and the

less you'll have to pay for your car, home or whatever else you are buying. In addition, landlords may use it to gauge whether you'll pay your rent on time.

While you can't get your actual credit score, you can get a credit report, which uses the same factors creditors use to determine whether they should offer you credit. The costs for a report range from free to \$29.95. Experts suggest looking at several reports to get an overall picture because your credit report may vary from one company to another. Review your reports once a year to check for errors.

The three major credit reporters, Equifax, Experian and TransUnion, offer services that can tell you about your credit scores.

*Half of consumers score 720 or higher, according to Fair Isaac.*

### What You Can Do to Improve Your Scores

Generally, lenders like consumers who have lived in one place or worked for the same employer for several years. However, if you move because you've bought a house or got a higher-paying job, you may make up lost points.

Other ways include the list to the right:

#### **Pay bills on time.**

Pay your bills well in advance of the due date. While you'll not only avoid paying late fees, you may improve your score as well. Even though many lenders grant you a grace period, paying your bills even a few days after the due date may place you in a different category, thus lowering your score.

#### **Lower your debts.**

Lenders like to look at how much you owe in relation to your income, as well as in relation to your credit limit. The closer you are to maxing out your limit, the lower your score.

#### **Apply for credit only occasionally.**

Lenders take notice of how often you apply for a card or ask for more credit. If you ask too many times in one year (around four times), you run the risk of lowering your score.

#### **Limit your credit cards.**

Too much credit also affects your score. Having just a minimum number of cards, as well as a savings and checking account, will improve your credit score.

## Equifax

**Score Power**, \$15.95  
www.myfico.com  
www.equifax.com  
1-888-202-4025  
1-800-685-1111

Equifax partners with Fair Issac, (FICO), a California-based business whose credit scoring system is used by many creditors. In fact, 70 percent of the largest 100 financial institutions and 75 percent of mortgage loan originators use FICO scores.

## Experian

**Scorecard**, \$15.00  
www.experian.com  
1-888-397-3742

Experian uses its own scoring model, based on the same factors used in the Fair Issac model. Scorecard gives you a personalized credit-score analysis by telling you which of your accounts positively or negatively affects your score.

## TransUnion

**Personal Credit Report**, prices vary from free to \$29.95, depending on circumstances.  
www.transunion.com  
TransUnion LLC, Consumer Disclosure Center:  
1-800-888-4213

TransUnion offers a bare-bones service: They give you a score and a brief analysis of the factors affecting your score.

