



5 Tips to Help Raise Your Credit Score

Are you aware of the importance of your credit score? Your credit score is used for more than just new loan decisions. Having a strong credit score can help you achieve your financial goals. You will especially reap the benefits of good credit when interest rates are high as in today's inflationary climate. The higher the score, the better your rate will be for home and auto loans. In addition, a good credit score will make it easier to find an apartment, turn on utilities, and obtain insurance.

Here are some tips to help raise your credit score, remember these tips every month:

1. **Pay your bills on time.** According to Experian, payment history is the most influential factor in boosting your score. From my perspective, a history of timely payments is a very good indication that you will be able to handle future debt responsibly. Do your best to avoid late payments, defaults, and foreclosures.
2. **Keep your credit usage low.** An ongoing way to do this is to keep an eye on your credit limit compared to the amount of credit you have used. Make sure you do not use all of your available credit. When your credit balance is near the amount of credit available, this is an indication of risk. A good benchmark of credit usage is to stay at about 10% of your available credit. This will help increase your credit score.
3. **Leave old accounts open.** When you pay off vehicle loans, student debt or credit cards, keep the accounts open. Do not remove them from your credit report just because they have no balance. This will maintain your history of paying bills on time and it shows that you have the responsible habits that lenders look for.
4. **Only apply for the credit you need.** Every time you apply for credit, an inquiry is pulled on your credit report. This type of inquiry temporarily lowers your score. Applying just to see if you will be approved is not a smart strategy. You should also refrain from applying for several credit cards or credit accounts in a short time frame. This is particularly true prior to taking out a large loan or mortgage loan. It will lower your score when you need it most.
5. **Monitor your credit.** Reviewing your credit does not affect your score. It is wise to monitor your credit history and credit score at least annually. This will allow you to see if you need to make any changes or corrections and to continually understand how your credit behavior impacts your score. You can get a free copy of your report at annualcreditreport.com.

My last bit of advice is to be diligent but be patient. In spite of what those spam ads promise, you will not be able to drastically improve your score overnight but, instead, your goal should be to develop strong, long-term credit habits. This is a very valuable component of your financial health. Keep on track, pay your bills on time, stay well under your credit limits, and only apply for credit you need. This will reflect in your score over time. If you have questions when reviewing your credit report, call or come see us. We deal with credit reports every day and are always glad to help you with any questions. We appreciate your business and look forward to assisting you in the future.

