SPACE COAST® CREDIT UNION

Your life. Your financial watchdog.

Understanding Your Credit Score

What is a credit score?
A credit score is a three-digit number, usually ranging between 300 and 850, that represents the likelihood that you'll repay a loan and make payments on time. Credit bureaus calculate scores using credit report information, although they can use different algorithms to come up with results. If you have a credit history, you will most likely have several different credit scores.

Why does a good credit score matter?
With quality credit, you're more likely to get better interest rates on loans, which usually means saving more in the long run. You might also be able to qualify for higher loan amounts when you need them. On top of that, good credit can help you get approved for a lower deposit for an apartment and lower premiums on insurance policies.

What is a good credit score?
Using FICO as an example:

Exceptional	800-850
Very Good	740-799
Good	670-739
Fair	580-669
Poor	300-579

Credit Score Factors:
Using FICO® as an example of a credit score often used by lenders, these are the five factors that go into calculations:

1. **Payment History (35%):** This is the most important factor because past actions are a good indicator of future ones—and lenders will want to know if you've made payments on time.
2. **Amounts Owed (30%):** This refers to how much debt you have overall. It's important to keep your credit utilization percentage under 30%; to calculate yours, add up all of your balances on any open lines of credit and divide that amount by the sum of your credit limits.
3. **Length of Credit History (15%):** FICO Scores factor in how long you've had credit accounts, the average age of them, the age of the oldest and newest accounts, and how long it's been since you've used your accounts.
4. **Credit Mix (10%):** A mixture of installment loans (such as a car loan) and credit card accounts shows lenders that you can successfully manage more than one type.
5. **New Credit Applications (10%):** Too many new credit accounts automatically lower the average age of your credit accounts, which negatively impacts FICO scores. Plus, the act of applying too often can lower a credit score, even if the applications aren't approved.

Looking to build or improve your credit? Here's a handy checklist to help you get started:

- **Review your credit reports.** Visit annualcreditreport.com to access your credit reports from each of the three major agencies.
- **Dispute and correct any errors.** Check for inaccuracies or outdated information on your credit reports.
- **Double-check the collection account section of your reports.** If anything appears in the collection account section, make sure it's accurate, belongs to you, and isn't showing up in another section of the report.
- **Pay your bills on time**—it's one of the most important factors in improving your credit.
- **Keep your credit utilization below 30%.** Carrying high balances on credit cards can lower your credit score.
- **Use credit-building tools** like secured cards, credit-building loans, or co-sign/become an authorized user on someone's account.
- **Keep old accounts open.** The longer your credit history, the better—so it's a good idea to hold on to those older accounts.
- **Only apply for credit when you need it.** Every credit application creates an inquiry, and too many inquiries can lower your score.
- **Talk to your creditors** about raising your credit limit or lowering your interest rates. These changes can make a big difference for both your credit score and your wallet.
- **Ask for a "goodwill" deletion.** If you've historically paid everything on time but missed a payment or two, see if your creditor will remove the negative entry. If that's not possible, ask what other steps you can take to prevent it from being reported.

Brevard: 321-752-2222
Broward: 954-704-5000
Miami-Dade: 305-882-5000
Volusia/Flagler: 800-447-7228

To get more information or help about credit scores, including information about scams, visit **www.ftc.gov and www.consumerfinance.gov.**
For help reading your credit report, credit counseling, and other services, contact a nonprofit consumer credit counseling service. Visit **usa.gov** and search for "credit counseling."

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