

3 ways to boost your credit score

Your credit score impacts your ability to get a loan or qualify for a mortgage, as well as the interest rate you'll pay. It might also determine which apartment you're able to rent or how much you're charged for car insurance.



CREDIT SCORE

If you're saddled with a low score (between 300 and the mid-600s), you're less likely to be approved for a loan. If you are approved, it's not likely that you'll get the lowest interest rate. This can cost hundreds or thousands of dollars in additional interest.

While it may feel like an enormous task to get your score to budge, it's really not that difficult if you know which steps to take, says Amanda Carney, co-founder of the not-for-profit Working

Credit. Her organization focuses on credit building and credit score improvement, and she offers these tips:

1. **Keep credit card balances low.** It's important to stay well below the credit limit on your credit cards. Each balance should be at 30 percent or less of the credit limit. This means that a card with a \$10,000 limit should have a balance of no more than \$3,000. Go even lower if you really want to raise your score; people with a high credit score (over 800) typically use only about 7 percent of their credit limit.
2. **Make credit card and loan payments on time.** It's critical not to be late; a payment that's 30 days late can sink your score by 100 to 125 points. It's also important to pay your bills for rent, utilities, cable, and phone on time. Although these timely payments won't help build your credit score, not paying these bills will have a negative impact on your score.
3. **Think twice about applying for a new card.** A store may offer a nice discount if you apply for a credit card, but opening new cards too frequently will lower your credit score. Open a new card only if you need it.


Your Health and Wellness Awareness Program

Check your credit report for free

You should check your credit report annually for errors, and you can order a report for free at annualcreditreport.com.

The report contains information about your credit activity, loan payment history, and the status of your credit accounts. It is used to calculate your credit score, which plays an important role in whether or not you get a loan or mortgage and the rate you pay.

If your report shows an error, it's important to contact the credit reporting company that provided the report as well as the creditor or company that provided the information to the reporting company. A mistake on your report could keep you from getting credit or hurt the terms you get on a loan.

Information about how to dispute an error should be included on your report.

Additional Resources



Consumer Financial Protection Bureau

The bureau's Ask CFPB website provides information about commonly asked financial questions, including questions about credit scores and credit reports.

<https://www.consumerfinance.gov/ask-cfpb/>

AnnualCreditReport.com

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