

Having a high credit score and a report showing you've paid your bills can help you obtain things that may bring adventure, stability, or joy into your life. If you know you need to build credit and aren't sure how to do so without going into debt, use this guide to begin the path to establishing a positive credit history.

Journey to **FINANCIAL FREEDOM**



Credit Score Data

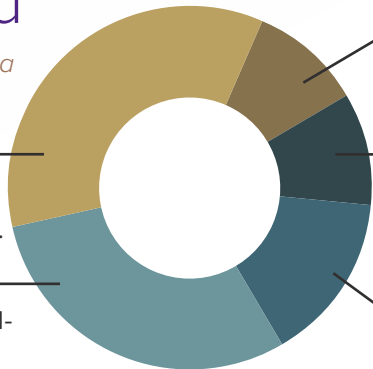
Your score is developed using credit data grouped into five categories:

35% PAYMENT HISTORY

Pay your debts on time. This is the single most important factor of your credit score.

30% AMOUNT OWED

Avoid using more than 30% of your available credit; this may signal to creditors that you're at a higher risk for defaulting.



15% LENGTH OF CREDIT HISTORY

In general, a longer credit history will increase your score.

10% CREDIT MIX

It's beneficial to have different types of credit (credit cards, installment loans, auto loans, mortgage loans etc.).

10% NEW CREDIT

Avoid opening several credit accounts in a short period of time; this can represent a greater risk to the lender (especially for those without a long credit history).

Credit Score Ranges

300-580
POOR

580-669
FAIR

670-739
GOOD

740-799
VERY GOOD

800-850
EXCEPTIONAL

Steps to Build Your Credit

#1 REVIEW YOUR CURRENT CREDIT REPORT

If you haven't already, get your free credit report at annualcreditreport.com to see where you currently stand. If you're new to credit, it's normal for nothing or very little to show up. When pulling for the first time, consider obtaining your report from all three bureaus – Experian, Equifax, and Transunion.

#2 BECOME AN AUTHORIZED USER

Being added to an existing credit card as a joint or authorized user can help establish credit. Only ask a person who you have verified pays their bills on time each month and maintains a low balance on their credit card.

#3 OPEN A CREDIT BUILDER PRODUCT

Talk with your Credit Union or bank about available products to improve your score. Some examples available to those new to credit include a secured credit card or a credit-builder loan. We recommend you ask questions about how the product will improve your score, when to pay your bill, or if you can automate payments.

#4 START PRACTICING NEW HEALTHY CREDIT HABITS

Opening new accounts sparingly, paying all your bills on time, and keeping credit card balances low are all essential factors in building a strong credit score.



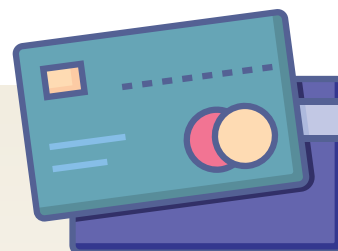
Common Credit Myths

MYTHS

- You must maintain a **BALANCE** on your credit card from month to month to build credit.
- You need lots of **OPEN** credit cards to build credit.
- Checking your **OWN** credit report will hurt your credit score.
- All credit scores are the **SAME**.

FACTS

- **You still build positive payment history** when paying your balance in full. Paying off the entire balance you owe by your statement due date each month saves you money on interest charges and will allow you to maintain a healthy credit utilization.
- **A variety of credit types is more important** than the number of accounts. Typically, no more than two or three open credit cards are recommended.
- **You have the right to check** your credit report for monitoring or educational purposes, which is a soft inquiry and will not hurt your credit. If you authorize someone to pull your credit report for the purpose of obtaining a loan or credit card, this is a hard inquiry, and may have a negative credit impact.
- **There are three credit bureaus** and multiple credit scoring models. Know that your score may be different based on the specific report that's being viewed and the scoring model that's being used. No matter what, maintaining healthy credit habits will create a stronger score over time.



Healthy Credit Habits

Make every payment on time, **#1 EVERY MONTH**

Missing or being late on just one payment can have a significant negative impact on your credit score.

Keep credit card **#2 BALANCES LOW**

Strive to keep your credit card balances below 30% of the card's maximum limit. Ideally, pay the card off in full every month.

Maintain your **#3 EXISTING ACCOUNTS**

Once you establish credit, you will have more credit options available to you. Keeping your original credit card open will help you maintain a longer credit history.



Schedule an **appointment** with one of our **Financial Coaches** so we can help you identify the best ways to build credit for your personal situation.

Journey to
**FINANCIAL
FREEDOM**

