

From getting approved for a loan to lower interest rates, there are many benefits to improving your credit. Use this tip sheet to learn about the factors that affect your credit score and how you can improve your score (and overall financial health!)

## Journey to **FINANCIAL FREEDOM**



## How is My Credit Score Calculated?

The higher your credit score, the better. A high score indicates lower perceived risk to lenders. Your score is developed using credit data that is 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).

## Steps for Improving Your Score

### **#1 GET YOUR CURRENT CREDIT REPORT**

If you haven't already, get your free report at [annualcreditreport.com](http://annualcreditreport.com) to see where you currently stand.

### **#2 REDUCE THE AMOUNT OF DEBT YOU OWE**

Reduce or suspend use of credit cards and contact an Orange County's Credit Union Financial Coach to develop a personalized plan to pay off your highest interest debt first.

### **#3 START PRACTICING YOUR NEW HEALTHY CREDIT HABITS**

Things like opening new accounts sparingly, managing credit card use responsibly, and keeping credit card balances low are all important factors in improving and maintaining your credit score.

## Credit Score Ranges

300-580  
POOR

580-669  
FAIR

670-739  
GOOD

740-799  
VERY GOOD

800-850  
EXCEPTIONAL



Schedule an **appointment** with one of our **Financial Coaches** so we can analyze your credit report and find areas for improvement together.

