

## Credit Score: An Opportunity & (Sometimes) A Bane

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Having a strong credit score is one of the most important things you can do to help control your finances. Your credit score is used every time you apply for a loan, to help determine interest and insurance rates, for background checks when you apply for a job or for renting a house, and even when you want to enter a cell phone contract.

A recent survey from the National Foundation for Credit Counseling indicates that more people would be embarrassed to admit their credit scores (30%) than their weight (12%). Hopefully, if you follow the simple steps in this article, you can make sure that you maintain a “lean” credit score that you will be proud of.

### Where Can I Get My Credit Score?

First things first, you need to be able to find your credit score. While you certainly can obtain a free report when you finance a big purchase (car, home etc.), there are much easier ways to determine your current FICO credit score.

There are numerous sites that will provide a FICO credit score if you lay your credit card for a free trial period, there are also sites that will provide you a free report, no questions asked. Naturally, you will have to get comfortable around the fact that you will have to provide your social security number, as all of these sites require this in order to obtain your current credit.

[Credit Sesame](#) is an ad-supported site that offers you a free credit score based on your Experian credit report. This will update once a month automatically; they also offer free credit monitoring.

[Quizle.com](#) offers a similar service, but you receive your credit report twice a year only. [Credit Concierge](#) offers a similar service, but provides you with a TransUnion credit report, thus it provides a different reporting service altogether.

[CreditKarma](#) is probably the best of the bunch, since it provides you not only your TransUnion but also your Equifax Credit score.

### What Does My Credit Score Mean?

As opposed to spending characters explaining how good your credit score is once you obtain it, I would recommend you simply go to the [credit score grader](#) on debt.org. You can simply slide your credit score over to your current credit score to see how you fair. They will also provide some tips for how to increase your credit score.

### How Can I Improve My Credit Score?

You can do several things to increase your credit score. They are as follows:

**Dispute Errors.** Mistakes happen. You can dispute errors online through Equifax, Experian and TransUnion. After you’ve fixed any foul-ups, you can try to negotiate with the creditor that you paid the bill if the creditor will then report the account as “paid as agreed” or maybe even remove it altogether. If you have a good history with the creditor but for one foul-up, you can try to emphasize your good history with the creditor in the hopes that they wipe it away due to your previous good faith.

**Check Your Limits.** How are your limits? Are you maxing your credit card each month? If so, this can negatively affect your credit. I would recommend that you try to increase your limits if you

can; reach out to your creditor and explain to them that you are always maxing your credit limit but always paying off your bill on time. They very well may increase your credit limit. Just make sure that by increasing your credit limit, you intend on paying off your credit each month. Otherwise you’ll be right back to using 66% of your credit each month and how will that look?

**Obtain a Credit Card & Become An Authorized User.** If you are young and have yet to obtain a credit card, it is critical that you obtain a credit card to start building credit. If you do not have any credit to speak of, convince your parents to allow you to become an Authorized User on a card (meaning they cosign with you). This will build your credit – just make sure you pay it off!

**Under-use Your Cards.** If your credit limit is low, make sure you are paying off your credit card more frequently, as otherwise your “utilization” will be high. The “credit utilization ratio” should be no more than 30% and ideally even less, which means that if your limit is \$30,000, you do not use more than \$9,000 in credit in any given month. Here is the kicker – it does NOT help your situation if you pay off your card when you reach this 30% utilization, the credit card bureaus are looking over the course of the credit period if you exceeded “good” utilization.

**Don’t Close Your Cards.** Canceling a credit card will cause your available credit to drop, which doesn’t look good to a bureau. One way to keep a card active is to use it for a recurring charge such as a utility bill.

**Mix it up.** Using a different kind of credit can make for a modest boost to your score. For example, you might take out a small personal loan from the credit union or buy a piece of furniture or appliance on installment (but only if you’re 100% sure you can and will meet the payment schedule).

**Pay your bills on time.** This may be common sense, but it is worth noting. Your payment history – including the ones you pay late or skip altogether – makes up a whopping 35% of your FICO score. In order to make sure you pay your bills on time, automate your recurring payments – makes your life easier. Just note that if you change cards, you will need to update this recurring payment!

If you have any questions about anything revolving credit (no pun intended), we are here to help.

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