



## **The Importance of Your Credit Score**

*Understanding the value of your credit score is an important first step to improving your financial health.*

Anyone who has ever applied for a loan to purchase a car or house has encountered their credit score. This elusive figure can be perplexing, a three-digit assessment of your credit worthiness that has the potential to impact your financial health. We offer insights into understanding your credit score and taking steps to improve it.

### **What's In a Number?**

Your credit score most commonly used by lenders is FICO, a three-digit number from 300 to 850. It fluctuates continually, reflecting the interest rate of your credit cards, outstanding loans, and even a lack of credit.

Aim for at least a score of 700, a good figure by many lending standards. You can request a copy of your credit report (there is a small fee) from the three major credit reporting companies, Experian, Equifax, and TransUnion.

### **Credit Worthiness**

Check your credit report periodically, making sure that there are no errors, while using it as a tool to make sure that you're paying your bills on time and staying within your established credit limits. Such actions have the potential to increase your credit score. You can request free copies of your Experian, Equifax, and TransUnion credit reports from [AnnualCreditReport.com](https://www.annualcreditreport.com).

If you spot any errors, report the discrepancies to the appropriate credit bureaus (the report may differ among the three). They are required to take reasonable steps to correct any errors.

### **Establishing Credit**

If you are a first-time credit seeker — applying for a credit card or loan, for instance — you may have to establish your credit score, which you can do in several ways, including by getting a secured credit card or becoming an authorized user of someone else's card.

### **Improve Your Score**

Not satisfied with your credit score and want to increase it? There are a number of steps you can take, like paying your bills on time, decreasing the amount of debt you carry, and staying within your established credit limits.

By taking control of your credit score, you are taking prudent steps to improving your overall financial health.

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