

How to Change the Score



Angela just started college. She had a number of credit card offers and she applied and was granted two credit cards. However, Angela doesn't responsibly manage her cards and though she started out with a credit score of **750** each of her actions listed below negatively impacted her score by **355** points. How much do you think each action affected her score?

Action:	Score Impact:	Why does her action affect her score?
1. Angela enjoys going to concerts, buying clothes, and going out to eat. She runs up the balance on her two new credit cards almost to their limits.		Credit reporting agencies look at the total amount owed and the amount owed of a person's available credit. Running up her cards almost to their limits will lower Angela's score.
2. Angela is very busy with college and a part-time job. Without realizing it, she misses monthly payments on both cards.		Angela's payment history is a big part of her credit score. Late payments hurt her score.
3. Angela continues to spend, as she needs textbooks for the second semester. With this expense, she spends to the limit of one of the two cards.		Running up her cards to their limits will increase the amount Angela owes and lower her score. The credit card company may raise Angela's credit limit, but Angela should not spend more money than she can afford to repay.
4. Angela decides she needs to earn more money to pay off her credit cards, but needs to drive to get to her new job. She takes out a loan to buy a new car.		A car loan is a new credit account. Every time a new account (like a credit card or loan) is opened, Angela's score will drop slightly.
5. Busy with school and the new job, Angela misses a loan payment on her new car.		Late payments negatively affect Angela's credit score.

Angela's Starting Score was 750. What is Angela's New Credit Score? _____

Do you know your Credit Score? _____

Where can you find your Score? _____

Why is it important to you to maintain good credit? _____

How to Keep a High Score

1. Pay your bills on time. Late payments or defaults can really hurt your score.
2. Keep balances low on credit cards. High debt levels can hurt your score.
3. Apply for and open new credit accounts only when you need them.
4. Check your credit report regularly for accuracy, and correct any errors.
5. If you have missed payments, get current and stay current.