The Game of

INSIDER TIP: KNOW YOUR RATIO

It's not just a credit score that can make or break your chances at a loan or credit. Knowing your credit utilization ratio, which is a comparison between how much credit you have available versus how much of it you're actually using is an important factor. The lower that ratio, the better. Just because you have \$25,000 in credit available does NOT mean you should be using it.

800

OR HIGHER

Excellent

CREDIT

SCORE

Credit Debt \$2,000

Total Credit \$25,000

CREDIT UTILIZATION RATE =

Your Total Credit

CREDIT SCORE:

760

For most people this score is as good as it gets. You have built up equity in your first home, consider utilizing it.

CREDIT SCORE:

800

Getting married could boost your credit with joint lines of credit.

CREDIT SCORE:

790

You continue to build your credit by keep a low credit utilization rate and by having a good long payment history.

CREDIT SCORE:

750

Get a promotion at work with a raise. Celebrate and go on some fun dates, maybe take an exciting vacation with your friends.

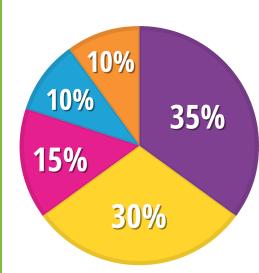


CREDIT SCORE:

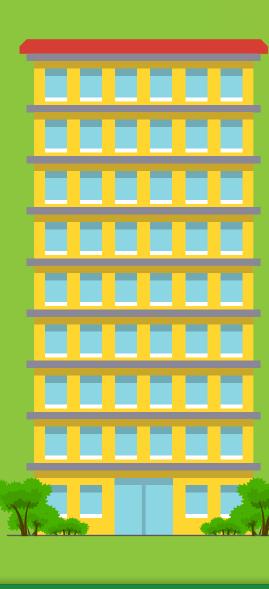
825

Get a mortgage with an optimal interest rate. Now buy your dream house!

WHAT'S THE [NOT-SO] SECRET **FORMULA TO CALCULATING A CREDIT SCORE?**



- Payment history
- Balances outstanding
- Length of your credit history
- Applications for new credit accounts
- Types of credit accounts (mortgages, car loans, credit cards)





START START Apply for first credit card.



CREDIT SCORE: 580

You consider buying versus renting a home, but although you could qualify it is rare that it works out with this score. Plus interest rates will be high. You decide to keep renting for now.

CREDIT SCORE:

560

It's time to build

your credit.

You're not ready

to take on a

mortgage just yet.

CREDIT SCORE: 620

Reach minimum automatic qualification for most mortgage lenders, but interest rates are still pretty high.

Begin credit history.





FICO RANGE DEFINITIONS

800 or Higher: Excellent and above average. Keep up the good financial work! You should be approved easily when applying for new credit.

740 to 799: Great and above average score. Look for better interest rates on your credit and loans. Give yourself a pat on the back.

670 to 739: Good; in the median range. You'll likely be approved and are considered an "acceptable" borrower. There's still some room for improvement, but you're on the way up.

580 to 669: Fair and below average credit score. If you are approved, it will be considered in the subprime range, and getting credit might be difficult with higher interest rates. Don't despair, though, you can make it better with time and effort.

579 or lower: Poor and far below average. At this stage, it may be hard for you to get credit. Credit card applicants may require a deposit or a fee, as well as utilities for your home or rental. Credit scores in this range could indicate bankruptcy or other major credit history problems. Good news: There's only one way to go, and that's up.

SETTLING YOUR CREDIT SCORE: WHAT DO THOSE NUMBERS ACTUALLY MEAN?

Credit scores are based on objective factors as a way for lenders to judge a borrower's creditworthiness. It generally falls between 300 (not good) and 850 (optimal!). The higher the score, the better your chance of being approved for a loan.



AUTO LOANS: A DRIVING FORCE IN CREDIT HISTORY

Making responsible payments toward an auto loan can be a great way to drive up your credit score. Auto loans are some of the more easily obtained loans, which makes it a great starting point for someone needing to build positive credit history.



CREDIT SCORE:

650

You already qualify for a mortgage, but you also need more lines of credit. Buy a new car, pay monthly payments on time. OOPS!

Looks like you missed a payment.

GO BACK TWO SPACES! **CREDIT SCORE:**

670

Start a budget plan. Use your credit card for small purchases and pay it in full every month for six months. **CREDIT SCORE:**

700

Request a credit limit increase on credit card. Getting approved for the increase will help decrease your credit utilization ratio.

Hey, you missed a car payment.

GO BACK FIVE SPACES!

Missing a payment could knock you back 60-80 points

CREDIT SCORE:

740

With a mortgage under your belt your credit score will continue to increase with monthly payments.

CREDIT SCORE:

730

Apply for a mortgage. You could lock in a good interest rate and buy your first home!

CREDIT SCORE:

725

Your credit score is looking pretty good. Consider applying for a mortgage.

CREDIT SCORE:

720

Continue paying off credit card in installments, but always more than the minimum owed. This score is a milestone where you will generally see a jump for even better interest rates.



www.wellsfargo.com/financial-education/credit-management/calculate-credit-score/ www.experian.com/blogs/ask-experian/credit-education/improving-credit/building-credit/ www.experian.com/blogs/ask-experian/credit-education/score-basics/credit-utilization-rate/ www.experian.com/blogs/ask-experian/infographic-what-are-the-different-scoring-ranges/







