

# QUICK WAYS TO RAISE YOUR CREDIT SCORE

## 1. CLEAN UP YOUR CREDIT REPORT

- Go to [AnnualCreditReport.com](http://AnnualCreditReport.com) and request a credit report from each of the three big nationwide credit reporting companies. By law, you're entitled to one free report each year.
  1. Equifax
  2. Experian
  3. TransUnion
- When you request it, be ready to print or save it to your computer.
- Once you have the report, examine everything. Look for any accounts that show late payments or unpaid bills.
- If that information is inaccurate, the report should tell you where to send a dispute.
- Keeping a clean credit report isn't only important for your credit score, it can also affect your job prospects. Some employers pull credit reports before making hiring decisions.

## 2. PAY DOWN YOUR BALANCE

- 30 percent of your FICO score is based on the amount you owe.
- It's not simply how much you owe that's important. It's how much you owe compared with how much credit you have. A ratio known as; your credit utilization.
- For example, if you have a \$10,000 credit limit and a \$5,000 balance, your credit utilization is 50%. If you've maxed out that \$10,000 limit, your utilization is 100%.
- It's best to have a rate of less than 30%.
- If you owe more than that amount, paying down your balances is a quick way to boost your score. Live lean for a few months, hold a garage sale or pick up a temporary second job to find the cash needed to pay off credit.

## 3. PAY TWICE A MONTH

- Creditors only report balances to the credit bureaus once a month. If you run up a big balance each month, it could look like you're overusing your credit.
- For example, you have a credit card with a \$1,000 limit. You use it for everything. The statement arrives, you owe \$1,000, and you pay it off. But the credit card company is reporting the statement balance each month. So, it looks like you have a \$1,000 limit and a \$1,000 balance. That's a 100% credit utilization rate.
- You can help alleviate the problem by breaking up your credit card payments. Go ahead and charge everything to get the rewards, but send in payments at least twice a month to keep your running balance lower.
- In addition, if you make a large purchase on your card and have the cash handy, pay it off immediately.

## 4. INCREASE YOUR CREDIT LIMIT

- Maybe you're not in a position to pay down your balances. You could take a different approach to improving your credit utilization rate; call your creditor and ask for a credit limit increase.
- If you've maxed out your \$1,000 card and get a limit increase to \$2,000; you've instantly cut your credit utilization rate in half. DO NOT spend any of your new credit; it defeats the purpose of getting a limit increase.

## 5. DO NOT HAVE MORE THAN 3 CREDIT CARDS

- Have one major credit card for emergencies that offers cash back or airline miles.
- Have one additional card for gas or a store card for discounts on purchases; where you do most shopping.
- Opening multiple accounts at once is not good. Too many new accounts can make you look like you desperately want to go on a spending spree.

## 6. NEGOTIATE OUTSTANDING BALANCES

- Maybe your credit score took a dive because you have bills in debt collections. You can't wipe out past mistakes from your credit report, but you can do some damage control by settling them.
- The most important step is to get an agreement in writing.
- If you don't have any cash on hand to offer as a settlement, you can sell some of your stuff.