

How to Maintain a Good Credit Score

Credit scoring systems usually look at your credit history in the areas listed below. How well are you doing? Place a check mark in front of the statement(s) where you may need to make changes to boost your credit score.

Payment History

- Pay bills on time.
- Make credit payments 5-10 days before they are due to avoid paying late fees.
- Avoid companies that say for a fee, they will “fix” your credit. A person can do the same thing by contacting creditors.
- Stay current on student loan payments.

Amount of Outstanding Debt

- Keep credit card balances low. A low balance on two credit cards may be better than a high balance on one.
- Avoid taking on new debt.
- Pay more than the minimum on credit balances to avoid extra finance charges.
- Make a payment on a credit card balance as soon as possible after the bill arrives.

Length of Credit History

- Have a long credit history with at least one financial institution.
- Review your credit report every year to check information for accuracy.
- Review your credit report if your name has changed.
- If you are married, have some credit accounts in your name as well as some in the name of your spouse to establish a credit history for both people.

Applications for New Credit

- Whenever possible, pay with cash instead of using credit.
- Apply for credit only on an as-needed basis.

Number and Type of Credit Accounts

- Shop for credit that has a low annual percentage rate (APR) and no annual fee.
- Have and use only one or two credit cards.

Other Considerations

- Live at the same address for five or more years.
- Buy a home and pay the mortgage and utilities on time.
- Stay at the same job for three years or more.
- Give a street address rather than a post office box or general delivery address.

Used with permission from Anderson-Porisch, S., Heins, R., Petersen, C., Hooper, S., & Bauer, J. (2007). *Dollar works 2: A personal financial education program* (Action Page 8-4). St. Paul, MN: University of Minnesota Extension.