

# Improving Your FICO® Score

## Payment History Tips

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- **Pay your bills on time.**  
Delinquent payments and collections can have a major negative impact on your score.
- **If you have missed payments, get current and stay current.**  
The longer you pay your bills on time, the better your score.
- **Be aware that paying off a collection account will not remove it from your credit report.**  
It will stay on your report for seven years.
- **If you are having trouble making ends meet, contact your creditors or see a legitimate credit counselor.**  
This won't improve your score immediately, but if you can begin to manage your credit and pay on time, your score will get better over time.

## Amounts Owed Tips

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- **Keep balances low on credit cards and other “revolving credit”.**  
High outstanding debt can affect a score.
- **Pay off debt rather than moving it around.**  
The most effective way to improve your score in this area is by paying down your revolving credit. In fact, owing the same amount but having fewer open accounts may lower your score.
- **Don't close unused credit cards as a short-term strategy to raise your score.**
- **Don't open a number of new credit cards that you don't need, just to increase your available credit.**  
This approach could backfire and actually lower score.

## Length of Credit History Tips

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- **If you have been managing credit for a short time, don't open a lot of new accounts too rapidly.**  
New accounts will lower your average account age, which will have a larger effect on your score if you don't have a lot of other credit information. Also, rapid account buildup can look risky if you are a new credit user.

## New Credit Tips

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- **Do your rate shopping for a given loan within a focused period of time.**  
FICO® scores distinguish between a search for a single loan and a search for many new credit lines, in part by the length of time over which inquiries occur.
- **Re-establish your credit history if you have had problems.**  
Opening new accounts responsibly and paying them off on time will raise your score in the long term.
- **Note that it's OK to request and check your own credit report.**  
This won't affect your score, as long as you order your credit report directly from the credit reporting agency or through an organization authorized to provide credit reports to consumers.

## Types of Credit Use Tips

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- **Apply for and open new credit accounts only as needed.**  
Don't open accounts just to have a better credit mix - it probably won't raise your score.
- **Have credit cards - but manage them responsibly.**  
In general, having credit cards and installment loans (and paying timely payments) will raise your score. Someone with no credit cards, for example, tends to be higher risk than someone who has managed credit cards responsibly.
- **Note that closing an account doesn't make it go away.**  
A closed account will still show up on your credit report, and may be considered by the score.

# Average Credit Statistics

## Number of Credit Obligations

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On average, today's consumer has a total of 11 credit obligations on record at a credit bureau. These include credit cards (such as department store charge cards, gas cards, or bank cards) and installment loans (auto loans, mortgage loans, student loans, etc.). Not included are savings and checking accounts (typically not reported to a credit bureau). Of these 11 credit obligations, 7 are likely to be credit cards and 4 are likely to be installment loans.

## Past Payment Performance

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On average, today's consumers are paying their bills on time. Fewer than 4 out of 10 have ever been reported as 30 or more days late on a payment. Only 2 out of 10 have ever been 60 or more days overdue on any credit obligation. 85% of all consumers have never had a loan or account that was 90+ days overdue, and less than 10% have ever had a loan or account closed by the lender due to default.

## Credit Utilization

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About 48% of credit card holders carry a balance of less than \$1,000. About 10% are far less conservative in their use of credit cards and have total card balances in excess of \$10,000. When we look at the total of all credit obligations combined (except mortgage loans), 54% of consumers carry less than \$5,000 of debt. This includes all credit cards, lines of credit, and loans-everything but mortgages. Nearly 30% carry more than \$10,000 of non-mortgage-related debt as reported to the credit bureaus.

## Total Available Credit

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The typical consumer has access to \$12,190 on all credit cards combined. More than half of all people with credit cards are using less than 30% of their total credit card limit. Just over 1 in 8 are using 80% or more of their credit card limit.

## Length of Credit History

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The average consumer's oldest obligation is 13 years old, indicating that he or she has been managing credit for some time. In fact, we found that 1 out of 5 consumers who recently applied for credit, had credit histories of 20 years or longer. Only 1 in 20 consumers had credit histories shorter than 2 years.

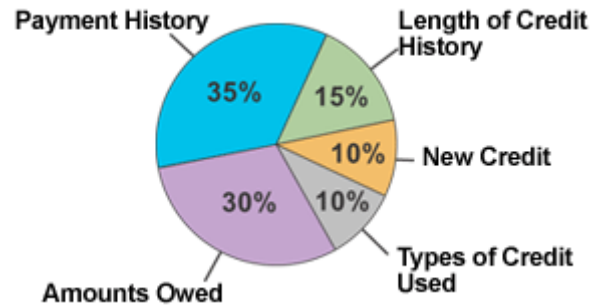
## Inquiries

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When someone applies for a loan or a new credit card account - in short, any time one applies for credit and a lender requests a copy of the credit report - this request is noted as an "inquiry" in the applicant's credit file. The average consumer has had only one inquiry on his or her accounts within the past year. Fewer than 7% had four or more inquiries resulting from a search for new credit.

# What's In Your Score

FICO Scores are calculated from a lot of different credit data in your credit report. This data can be grouped into five categories as outlined below. The percentages in the chart reflect how important each of the categories is in determining your score.



These percentages are based on the importance of the five categories for the general population. For particular groups - for example, people who have not been using credit long - the importance of these categories may be somewhat different.

## Payment History

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- Account payment information on specific types of accounts (credit cards, retail accounts, installment loans, finance company accounts, mortgage, etc.)
- Presence of adverse public records (bankruptcy, judgements, suits, liens, wage attachments, etc.), collection items, and/or delinquency (past due items)
- Severity of delinquency (how long past due)
- Amount past due on delinquent accounts or collection items
- Time since (recency of) past due items (delinquency), adverse public records (if any), or collection items (if any)
- Number of past due items on file
- Number of accounts paid as agreed

## Amounts Owed

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- Amount owing on accounts
- Amount owing on specific types of accounts
- Lack of a specific type of balance, in some cases
- Number of accounts with balances
- Proportion of credit lines used (proportion of balances to total credit limits on certain types of revolving accounts)
- Proportion of installment loan amounts still owing (proportion of balance to original loan amount on certain types of installment loans)

## Length of Credit History

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- Time since accounts opened
- Time since accounts opened, by specific type of account
- Time since account activity

## New Credit

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- Number of recently opened accounts, and proportion of accounts that are recently opened, by type of account
- Number of recent credit inquiries
- Time since recent account opening(s), by type of account
- Time since credit inquiry(s)
- Re-establishment of positive credit history following past payment problems

## Types of Credit Used

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- Number of (presence, prevalence, and recent information on) various types of accounts (credit cards, retail accounts, installment loans, mortgage, consumer finance accounts, etc.)

Please note that:

- **A score takes into consideration all these categories of information, not just one or two.**  
No one piece of information or factor alone will determine your score.
- **The importance of any factor depends on the overall information in your credit report.**  
For some people, a given factor may be more important than for someone else with a different credit history. In addition, as the information in your credit report changes, so does the importance of any factor in determining your score. Thus, it's impossible to say exactly how important any single factor is in determining your score - even the levels of importance shown here are for the general population, and will be different for different credit profiles. What's important is the mix of information, which varies from person to person, and for any one person over time.
- **Your FICO score only looks at information in your credit report.**  
However, lenders look at many things when making a credit decision including your income, how long you have worked at your present job and the kind of credit you are requesting.
- **Your score considers both positive and negative information in your credit report.**  
Late payments will lower your score, but establishing or re-establishing a good track record of making payments on time will raise your score.

## What is Not In Your Score

FICO® scores consider a wide range of information on your credit report. However, they do not consider:

- **Your race, color, religion, national origin, sex and marital status.**  
US law prohibits credit scoring from considering these facts, as well as any receipt of public assistance, or the exercise of any consumer right under the Consumer Credit Protection Act.
- **Your age.**  
Other types of scores may consider your age, but FICO scores don't.
- **Your salary, occupation, title, employer, date employed or employment history.**  
Lenders may consider this information, however, as may other types of scores.
- **Where you live.**
- **Any interest rate being charged on a particular credit card or other account.**
- **Any items reported as child/family support obligations or rental agreements.**
- **Certain types of inquiries (requests for your credit report).**  
The score does not count "consumer-initiated" inquiries – requests you have made for your credit report, in order to check it. It also does not count "promotional inquiries" – requests made by lenders in order to make you a "pre-approved" credit offer – or "administrative inquiries" – requests made by lenders to review your account with them. Requests that are marked as coming from employers are not counted either.
- **Any information not found in your credit report.**
- **Any information that is not proven to be predictive of future credit performance.**
- **Whether or not you are participating in a credit counseling of any kind.**