

How to Improve Your Credit Score

To understand how to improve your FICO® “credit” score, you must first understand what factors affect your credit score. Below are five categories used to determine your credit worthiness.

1. **Payment History** - used by lenders to determine if your payments are timely or frequently late or missed.
2. **Credit Utilization** - this is the ratio of your credit card balances to credit limits. For example, if your balance is \$300 and your credit limit is \$1,000, then your credit utilization for that credit card is 30%.
3. **Length of Credit** - the amount of time you have had any credit history.
4. **Types of Credit** - revolving lines of credit such as credit cards or installment loans such as auto loans, mortgage, student loans, etc.
5. **Credit Inquiries** - requests by a “legitimate business” to check your credit. As far as your FICO® score is concerned, credit inquiries are classified as either “hard inquiries” or “soft inquiries” – only hard inquiries have an effect on your FICO® score.

Now, we can look at the ways you can repair or improve your credit score.

1. **Check Your Credit Report** - Request a free copy of your credit report from www.annualcreditreport.com. Check your credit report for any errors such as incorrect late payments, credit accounts that do not belong to you, and check that your current accounts show the correct balances. If you have a dispute, you want to report it immediately. You can find more information on reporting disputes that are on your credit report here: <https://www.consumer.ftc.gov/articles/0151-disputing-errors-credit-reports>
2. **Set Up Payment Reminders** - Some lenders offer text or email payment reminders when your due date is getting near. Take advantage of this if available. If your lender doesn't offer this, set up reminders in your phone or on your computer so that you never miss a due date.
3. **Pay Your Bills On Time** - Delinquent payments, even by just a few days, can have a negative impact on your credit score. If you can, set up automatic payments so that your monthly payments are always on time and you never have to worry about forgetting a payment.
4. **Keep Your Balances Low** - This applies to credit cards and other revolving debts. The most effective way to improve your credit score is to pay down your revolving credit accounts. WEOKIE offers low-rate credit cards and signature loans that are great ways to consolidate debt to make your payments more manageable.
5. **Don't Close Old Accounts** - If you have old accounts that you no longer use, leave them open to show good credit history. Good credit history plays a large role in your credit score.
6. **Reduce Your Debt** - Set up a payment plan that allows you to make the necessary payments on all accounts, and apply any additional funds (if available) to your smallest balance. Once you have successfully paid off the account with the smallest balance, apply that payment amount to the account with the next smallest balance and so on. A WEOKIE representative is ready to help you manage and reduce your outstanding debt. Contact us today.
7. **Having Trouble Making Ends Meet?** - Consider refinancing your debt into a lower rate account such as a WEOKIE credit card or signature loan so that the payments are easier on your budget.

Register for WEOKIE's credit monitoring program, *Credit Sense*, through Home Branch to track your credit score.

Contact WEOKIE today to discuss your lending needs.
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