Do’s and Don’ts for Managing Your Credit Score

Non-profit credit counseling agency Take Charge America offers tips to boost your financial outlook, deal with credit card debt and build credit history

PHOENIX – (March 13, 2013) – Few financial figures are as important as a credit score. The three-digit figure has a major impact on daily life – dictating what consumers can buy, how much credit they can obtain and even where they choose to reside.

A credit score is an estimate of credit risk, which is based on a consumer’s credit report. Lenders use this number to determine how likely applicants will be to repay a loan or line of credit in a timely manner. The higher the score, the better interest rate they’ll receive.

“Credit scores matter whether your credit history is pristine, new or needs some work,” said Mike Sullivan, chief education officer for Take Charge America, a national non-profit credit counseling and debt management agency. “Improving your score requires a regular effort. You need to continually be mindful of your purchases and your payments.”

Sullivan offers five do’s and don’ts for managing a credit score and maintaining a positive credit history:

- **Don’t Miss Credit Card Payment Due Dates** – Credit card companies set deadlines in stone. Missing just one payment – even by a day or two – can negatively impact your credit score. On the flip side, a history of on-time payments can help improve your credit score.

- **Do Pay More than the Minimum Amount Due** – Submitting minimum payments can be a very slow way to pick away at your credit card debt. Bigger payments can make a big impact on your total debt level, plus they can help raise that score.

- **Don’t Apply for New Credit** – If you are trying to improve your credit, applying for new credit could not only lower your score, but you’re more likely to get higher interest rates on the loan or line of credit.

- **Do Decrease the Total Amount of Debt Owed** – Paying down your total debt, including credit cards and other personal loans, is among the fastest ways to improve your credit score.

- **Don’t Close Old Credit Card Accounts** – Closing a credit card can lower your credit score – especially if it’s been open for more than three years – because it reduces your credit-to-debt ratio, a major factor credit bureaus use to determine your score. If you want to remove the temptation to spend, consider cutting or storing the card while keeping the account open.

To keep tabs on credit history and ensure the data is correct, Sullivan recommends consumers check their credit reports at least once a year. A free credit report can be obtained annually from each of three credit bureaus at [www.annualcreditreport.com](http://www.annualcreditreport.com). A credit score can also be obtained for a small fee. It’s common for the score to vary slightly with each bureau.

For more financial tips, visit [www.takechargeamerica.org](http://www.takechargeamerica.org).
About Take Charge America, Inc.

Take Charge America, Inc., a non-profit financial education, credit counseling, housing counseling and debt management agency, is dedicated to helping consumers nationwide improve their financial futures. Founded in 1987, the organization has helped more than 1.6 million consumers nationwide manage their personal finances and debts. To learn more, visit www.takechargeamerica.org or call (888) 822-9193.

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