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

Nonprofit credit, student loan counseling agency Take Charge America shares obvious and not-so-obvious tips for building up credit

PHOENIX – (June 14, 2017) – Many people don’t understand the importance of their credit score, yet good credit is critical for securing a mortgage, auto loan, and even renting an apartment. What’s more, credit scores have a direct impact on loan interest rates, meaning a low score usually results in a high APR.

“Your credit score follows you everywhere you go,” said Michael Sullivan, a personal finance consultant with Take Charge America, a national nonprofit credit counseling and debt management agency. “Even with a low score, there are hard and fast rules for improving your credit, but many of them aren’t obvious and some even seem counterintuitive.”

Sullivan offers seven tips to maintain and build positive credit:

- **Establish a History**: In most cases, paying with cash is the gold standard, but you establish good credit by borrowing money – and making regular, on-time payments to pay it back.
- **Diversify Your Credit**: A consumer with an auto loan, mortgage and credit card who makes on-time payments will build a better score than someone with loads of one form of debt.
- **Be Choosy**: Some small lenders and even a few large lenders do not report to credit bureaus. When taking out a loan, be sure to choose a lender that does report to the bureaus to ensure your score will improve with on-time payments.
- **Use Autopay**: In a world of near-constant emails, social media notifications and breaking news alerts, it’s easy to forget your loan payment – and nothing hurts your credit more. Thirty-five percent of your score is based on payment history, so put your credit cards and other loans on autopay to ensure you’re never late again.
- **Don’t Close Old Accounts**: Credit history makes up 15 percent of your credit score, so closing a credit card may lower your score. The rule of thumb is never to owe more than 20 percent of your available credit; closing a card reduces the credit-to-debt ratio, which could bring down your score.
- **Review Statements**: Check your loan statements every month to ensure they’re accurate and report any errors immediately.
- **Know Your Credit Report**: Request a free report each year at annualcreditreport.com to ensure your credit history is accurate and up-to-date.

Consumers seeking relief from credit cards, student loans or other debt can visit takechargeamerica.org or call (866) 528-0588.

About Take Charge America, Inc.
Founded in 1987, Take Charge America, Inc. is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, student loan counseling, housing counseling and bankruptcy counseling. It 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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