

Breakdown of a **CREDIT SCORE**

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A stylized illustration of a park scene. On the left, a girl with long orange hair, wearing a white shirt and purple pants, sits on the grass under a large tree with a grey trunk and green foliage. In the foreground, a small squirrel stands on a sign that reads 'CREDIT SCORES'. To the right of the sign is a small wooden table with papers on it. In the background, there are rolling green hills, a winding path, a yellow bench, and a few more trees under a light blue sky with a single white cloud.

Before **CREDIT SCORES**

- No standard for measuring risk
- Up to individual lenders to judge loan applicants

What is a
CREDIT SCORE?



A credit score is a number used by financial institutions and credit card companies **to determine risk level** when issuing you a loan or a credit card.

The FICO® Score is the most widely used credit score model in North America.

It was introduced in 1989 by Fair, Isaac and Company, now Fair Isaac Corporation.

Fair Isaac Corporation



FICO

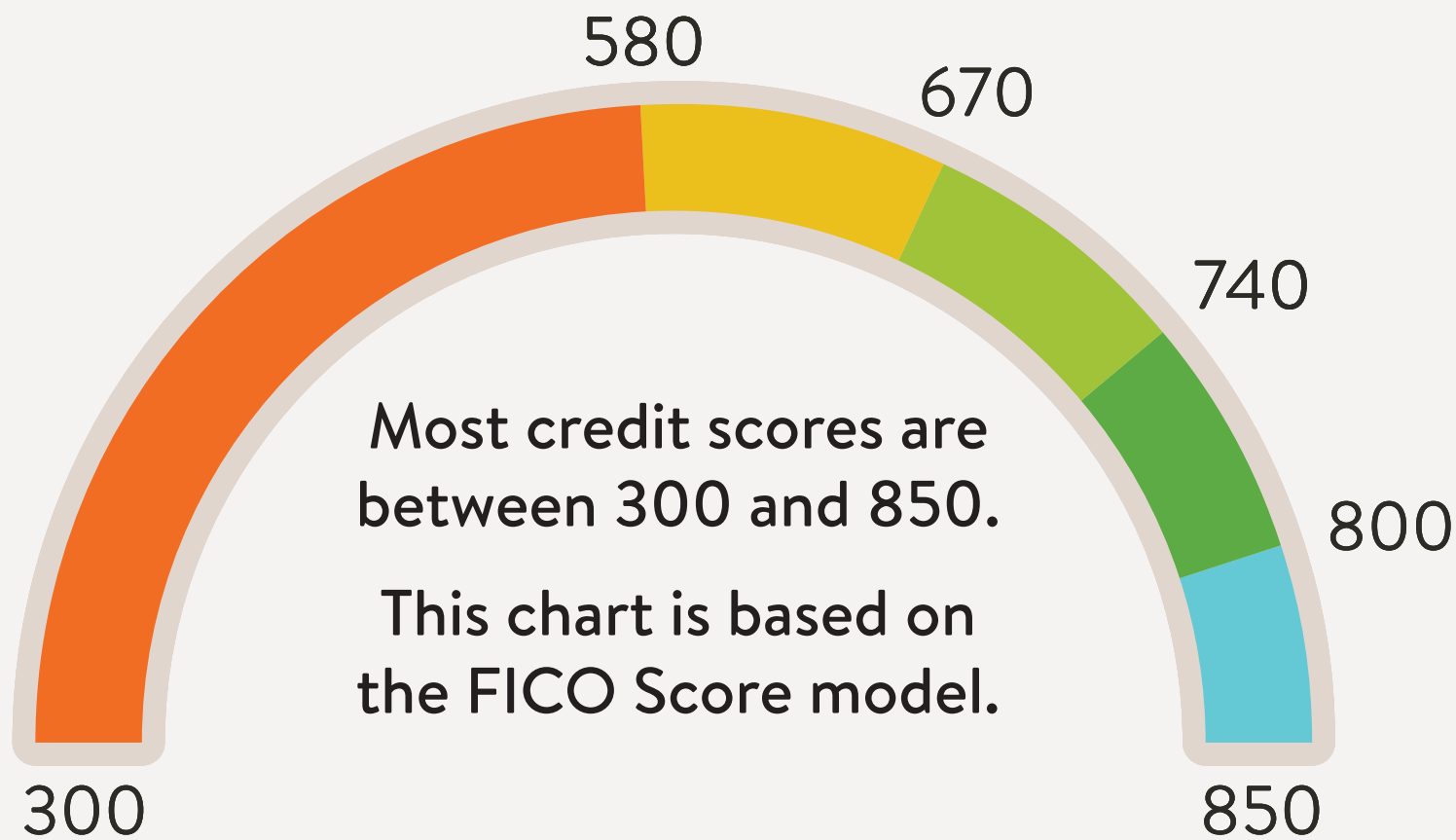
EQUIFAX® TRANSUNION® EXPERIAN®

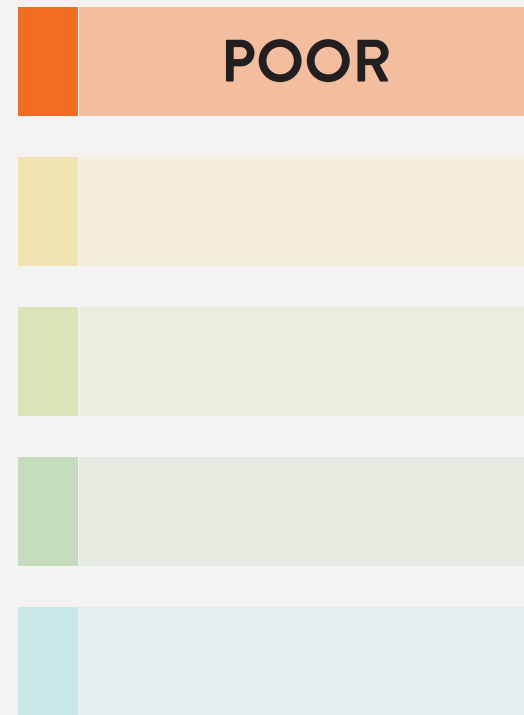
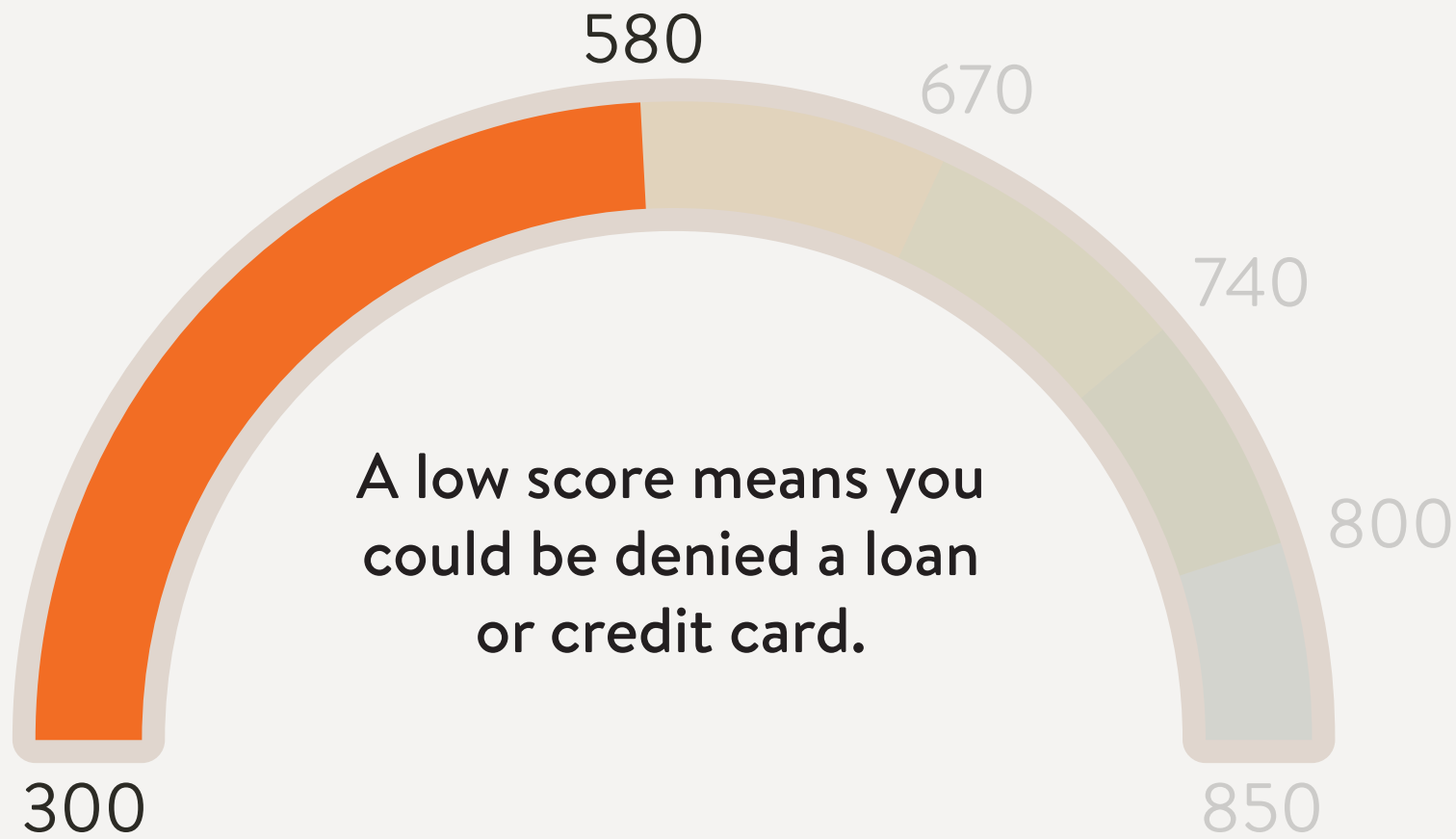


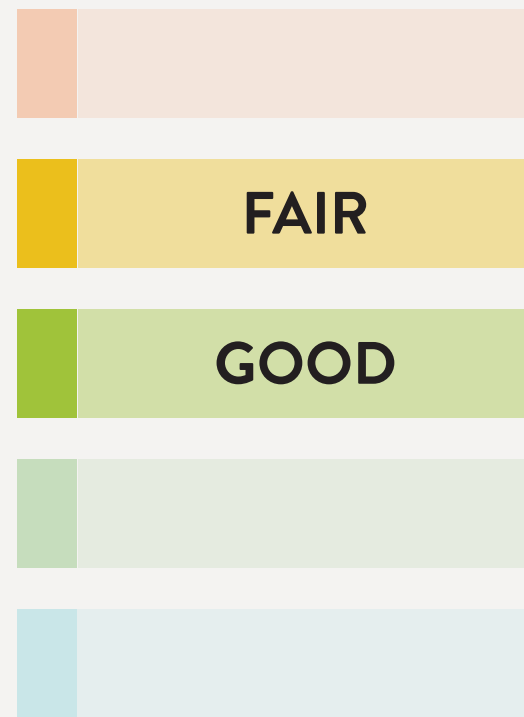
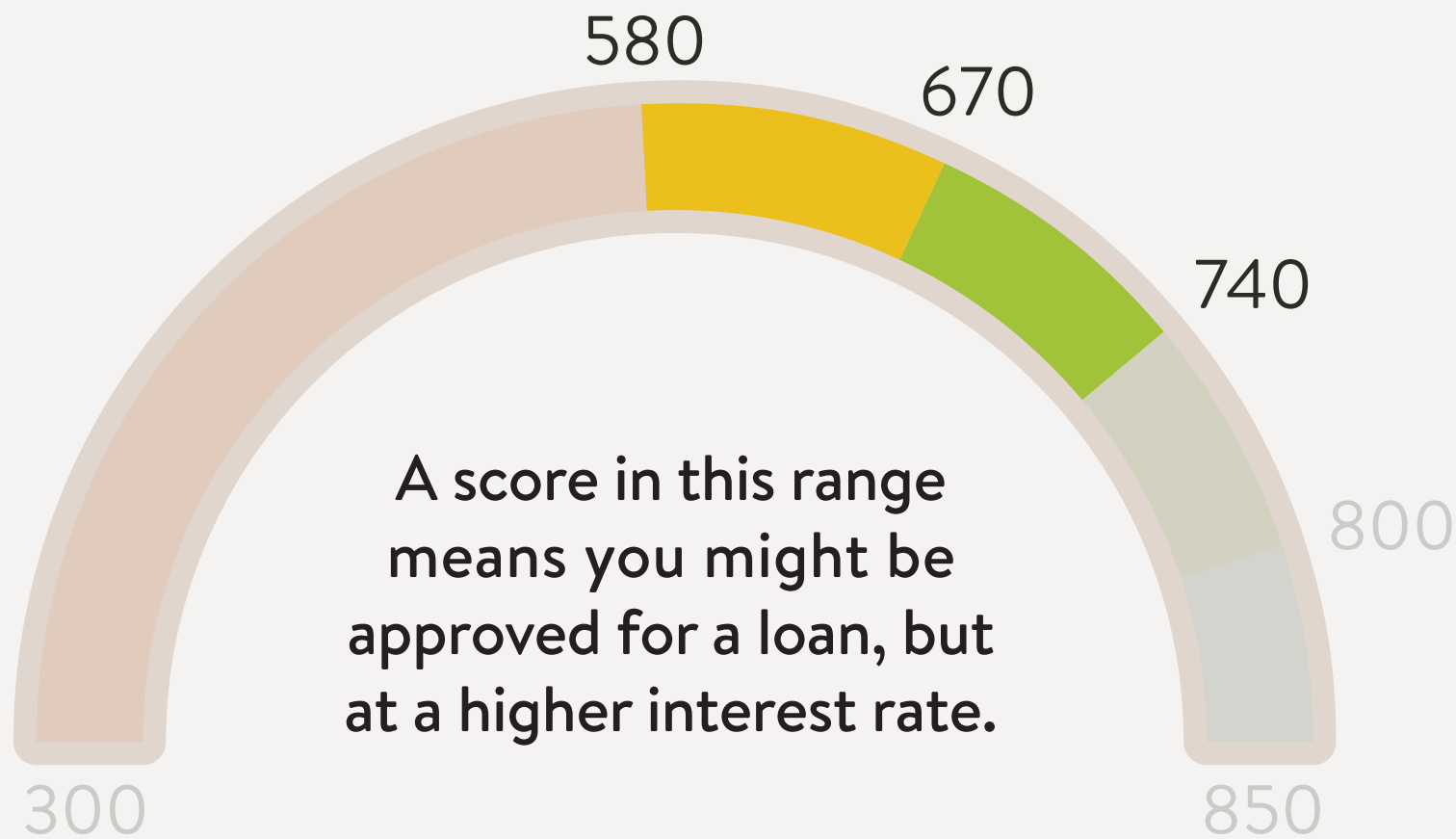
Since each credit bureau uses its own formula, **your FICO Score can vary**, depending on which bureau supplies the information.

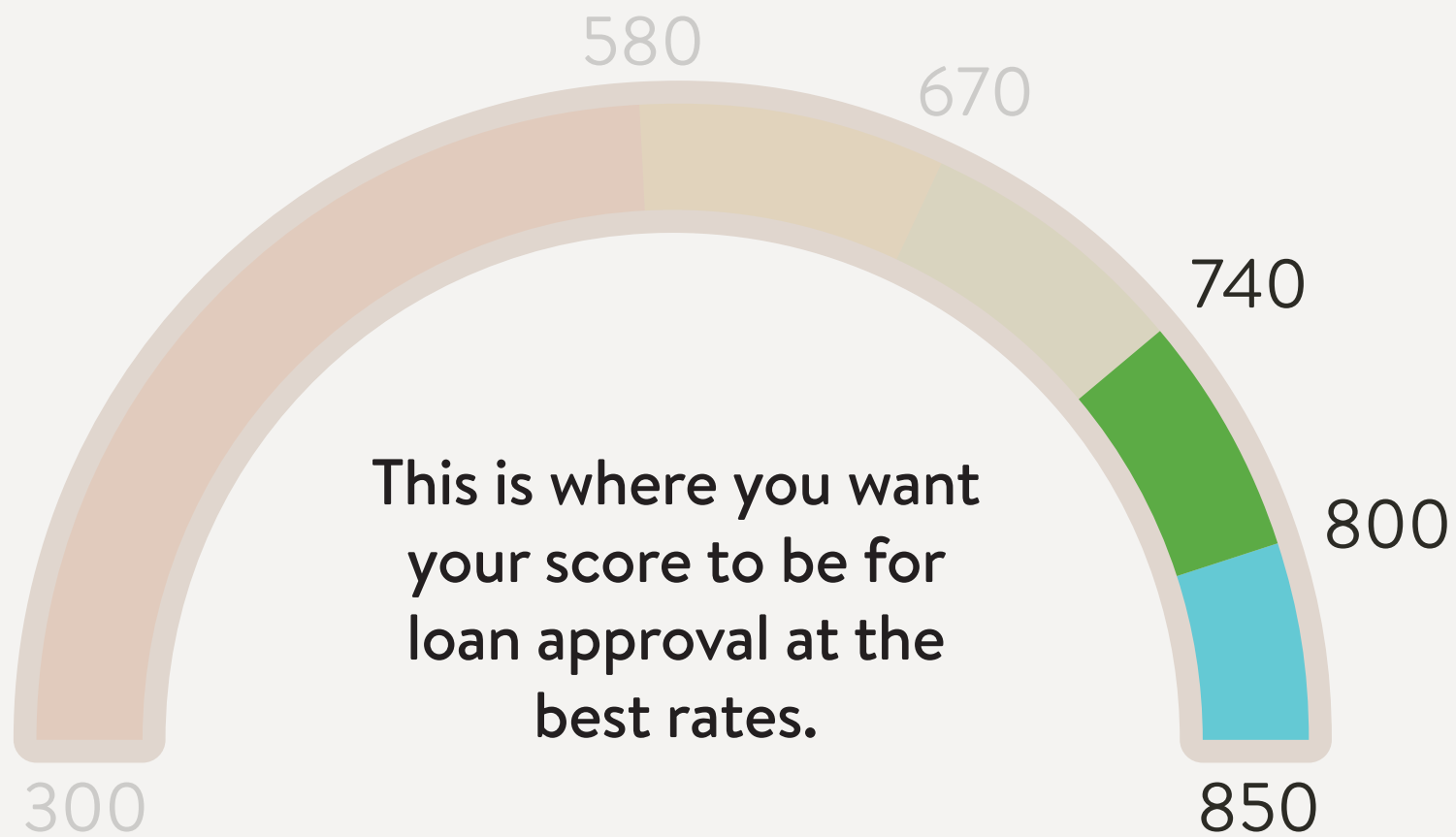
What does my score
MEAN?











Why does my score
MATTER?



Credit scores can influence:



**Renting an
Apartment**



**Student
Loans**



**Car
Payments**

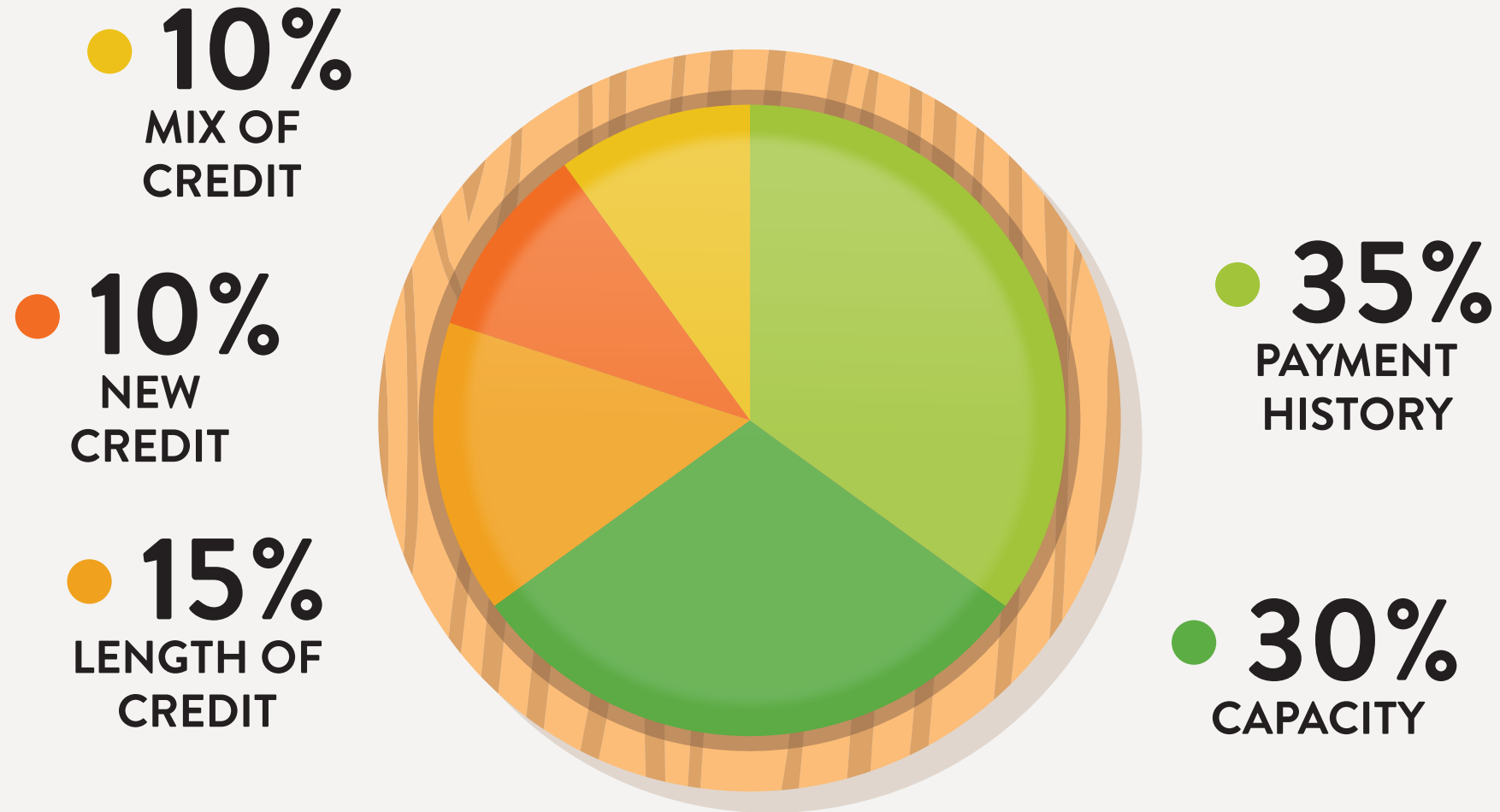


**Job
Applications**

How are credit scores
CALCULATED?



The breakdown of a credit score goes like this:

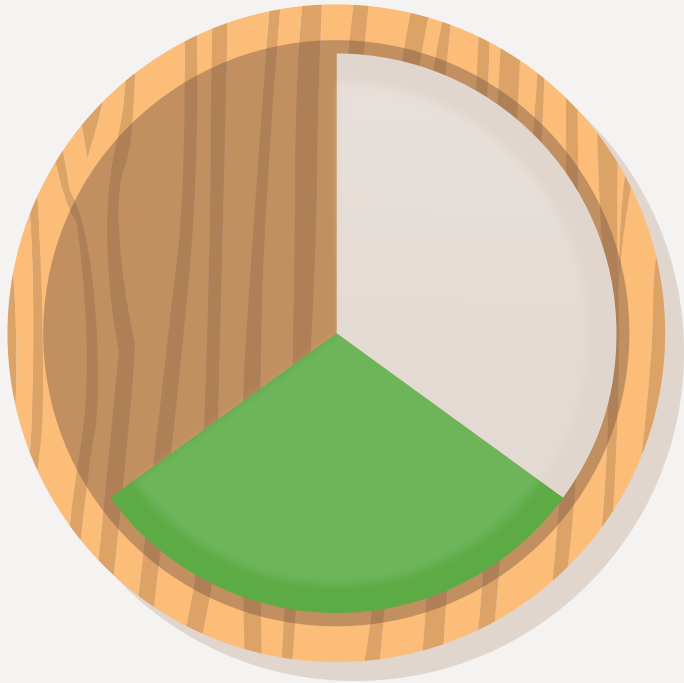


PAYMENT HISTORY (35%)



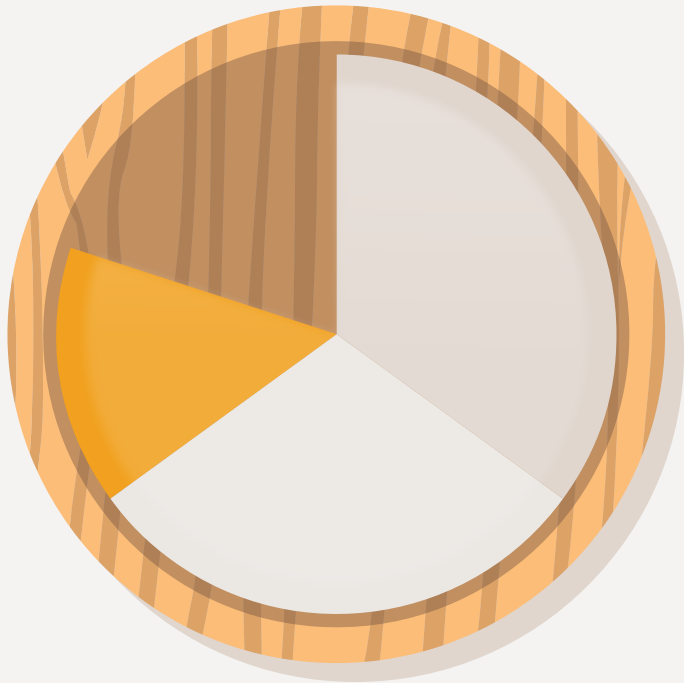
Making payments on time
boosts your score

CAPACITY (30%)



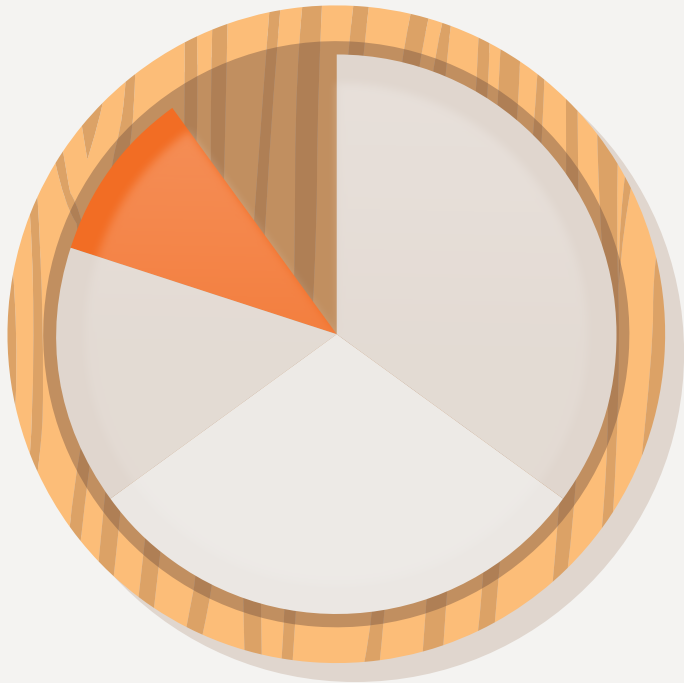
- How much of your available credit you actually use
- The less you use, the better
- Maxing out your lines of credit harms your score

LENGTH OF CREDIT (15%)



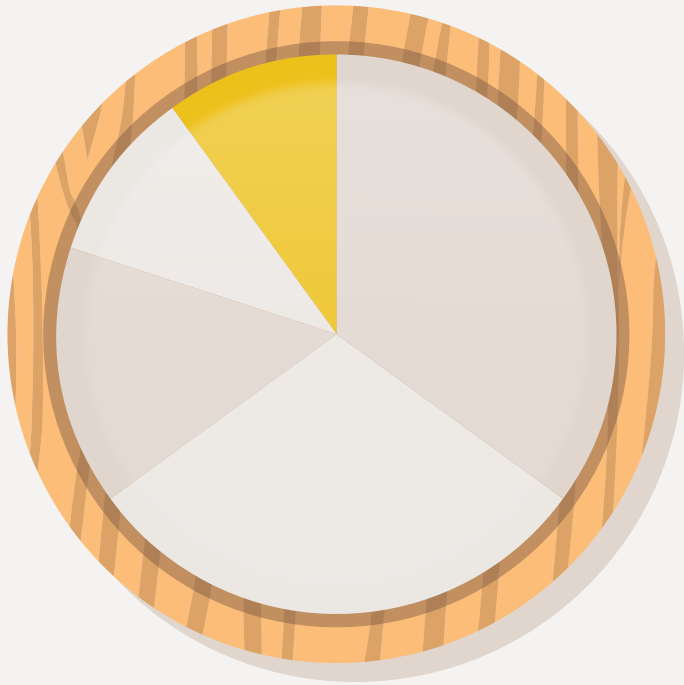
A long history of good credit habits raises your score

NEW CREDIT (10%)



- Opening a bunch of new credit lines in a short amount of time hurts your score
- This includes retail credit cards

MIX OF CREDIT (10%)



- Revolving credit
(*e.g, credit cards*)
- Installment loans
(*e.g, mortgages, car loans*)

How do I keep track of
MY SCORE?





**You are entitled to free
weekly credit reports**
from each of the major
credit bureaus.

*Visit annualcreditreport.com
to get started.*

Set seasonal calendar reminders so you can remember to check on your credit throughout the year.



SUMMER



WINTER



Things to look for on your credit report that influence your credit score:

- **Account openings**
- **Account closings**
- **Repayment history**
- **Mix of credit**

Need access to your credit score?

(You won't find it on your credit report)



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Get your actual FICO Score from [myFICO.com](https://myfico.com) for a one-time fee or through a monthly subscription



\$0

Get a free estimate (not the same formula as FICO, so it won't be exact) through creditkarma.com

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Sources: FICO, Forbes, FTC Guide to Credit Scores

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