


7 ways to Protect Your Credit Score

When you swipe your credit card, you might not be thinking about what your creditors are doing to make sure they recover the money they just loaned you. But, as you make your next purchase, make sure to protect your credit score.

Your credit score is a three-digit number that creditors use to assess how likely you are to repay your loans. A high score can help you qualify for the lowest interest rates and gives you the ability to borrow money for purchases.



- 1. Pay back your debts on time.** How you've repaid past debt is the most important factor (35%) in calculating your credit score.
- 2. Apply for new credit only when you need it.** Ten percent of your credit score is determined by how many new credit accounts you've opened and the number of times lenders have checked your credit. Another 15% of your score is determined by the length of your credit history. When you add a new account into the mix, the average age of your credit accounts drops.
- 3. Don't co-sign.** Be cautious about co-signing a loan – even for family members – unless you are willing and able to take on the payments later if necessary. If a payment is missed and you don't pay it, it can negatively affect your credit score.
- 4. Consider keeping starter cards open.** Cards designed for people without a credit history, called starter cards, usually have high interest rates and fees, low limits and few rewards. Even though you've stopped using them, it's a good idea to keep them open. This will help the 15% of your score that comes from the length of your credit history. It also will help the even bigger part (30%) of your score that's based on your utilization ration: your credit card debt relative to your total available credit.

- 5. Guard your personal information.** Be very careful when giving out your Social Security number, birth date, credit card numbers and other personal information. Use secure websites, and be cautious of phone calls. Make a photocopy or scan the information on your cards. It could take a long time to find contact information for your accounts if you lose your wallet. Keep copies (in a secure place) of the fronts and backs of cards so that you can cancel your accounts quickly when needed.
- 6. Regularly monitor all your account.** Even if you don't use them, check each account to make sure there aren't charges, such as annual fees, and that no one is fraudulently using your card. Order a free credit report from annualcreditreport.com, the only site sanctioned by the Federal Trade Commission, or, call 877-322-8228. Stagger your reports from the three reporting agencies so that you get one report every four months.
- 7. Stay diligent.** Make sure that the good credit score you've worked so hard to build stays that way.

