Breakdown of a
CREDIT SCORE

BROUGHT TO YOU BY

SERVU CREDIT UNION

- IT'S A -
MONEY THING®

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.

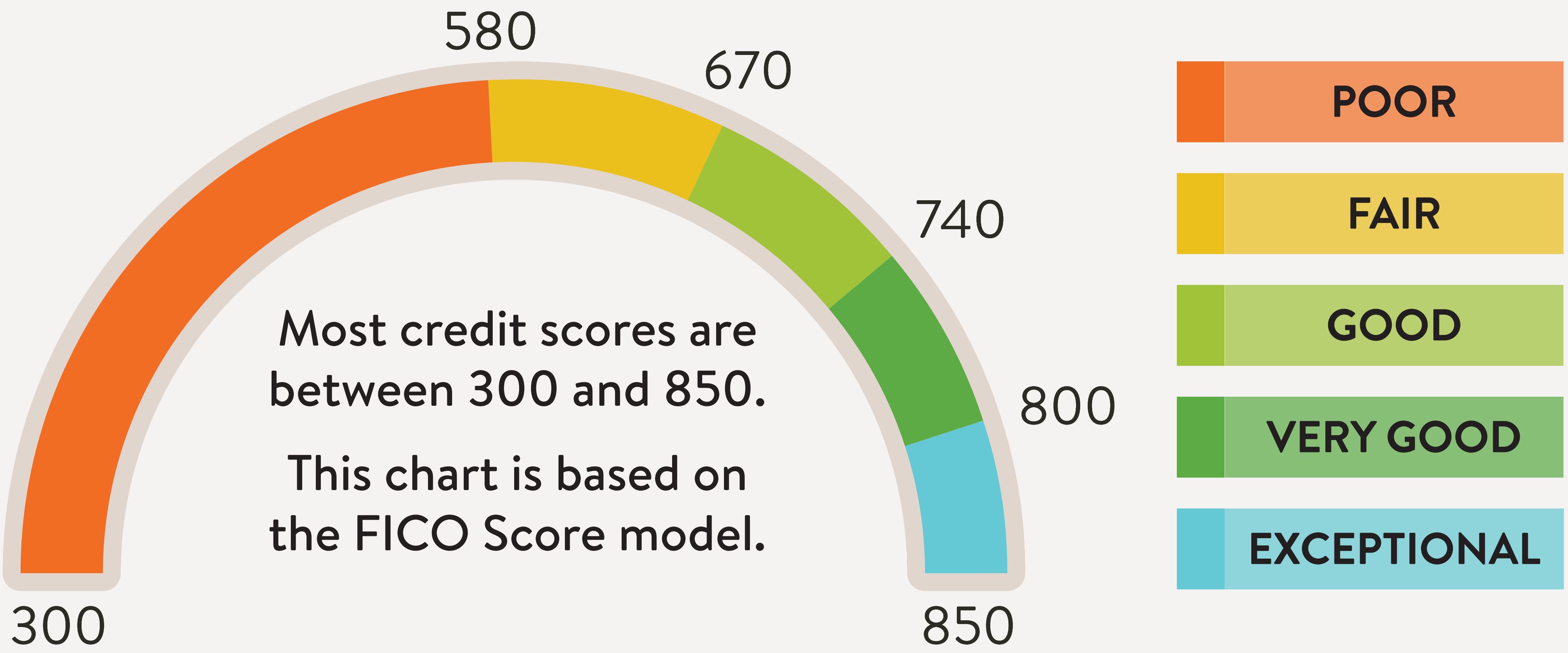
Fair Isaac Corporation

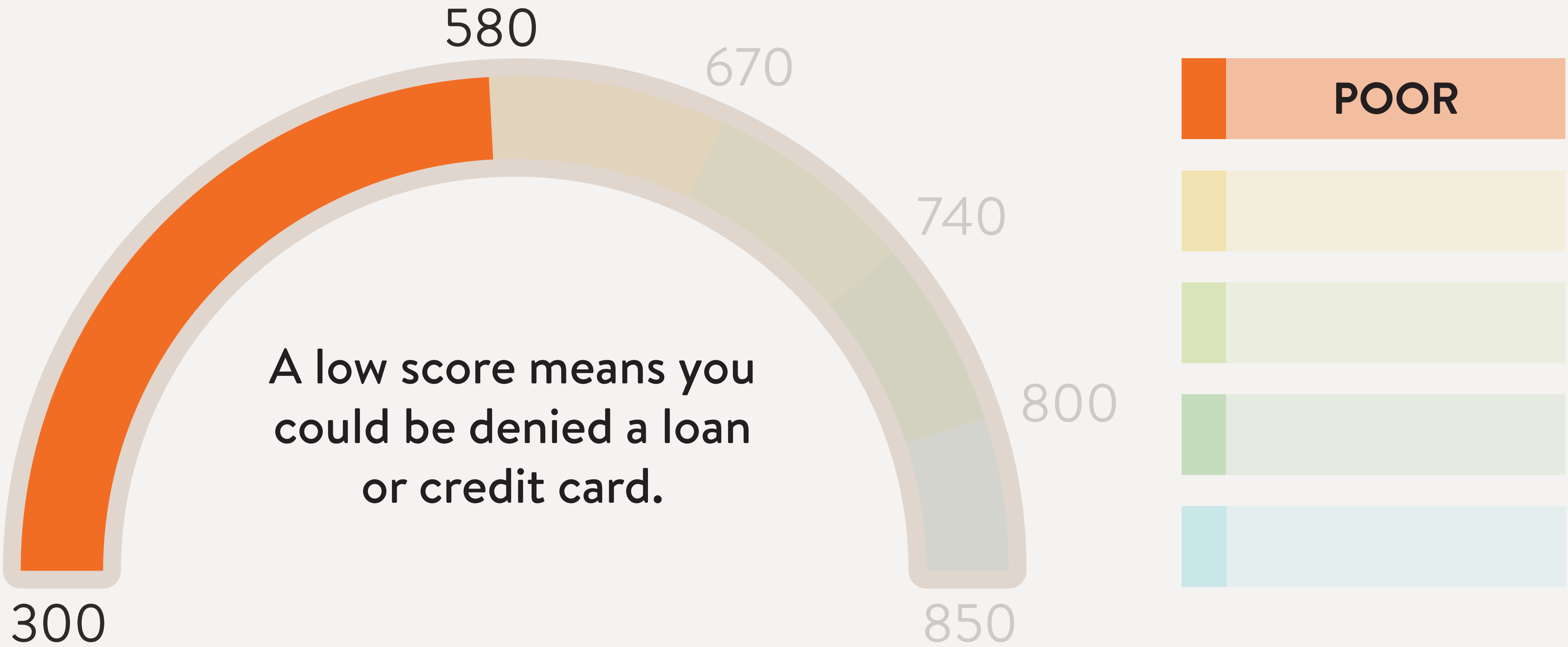
↓

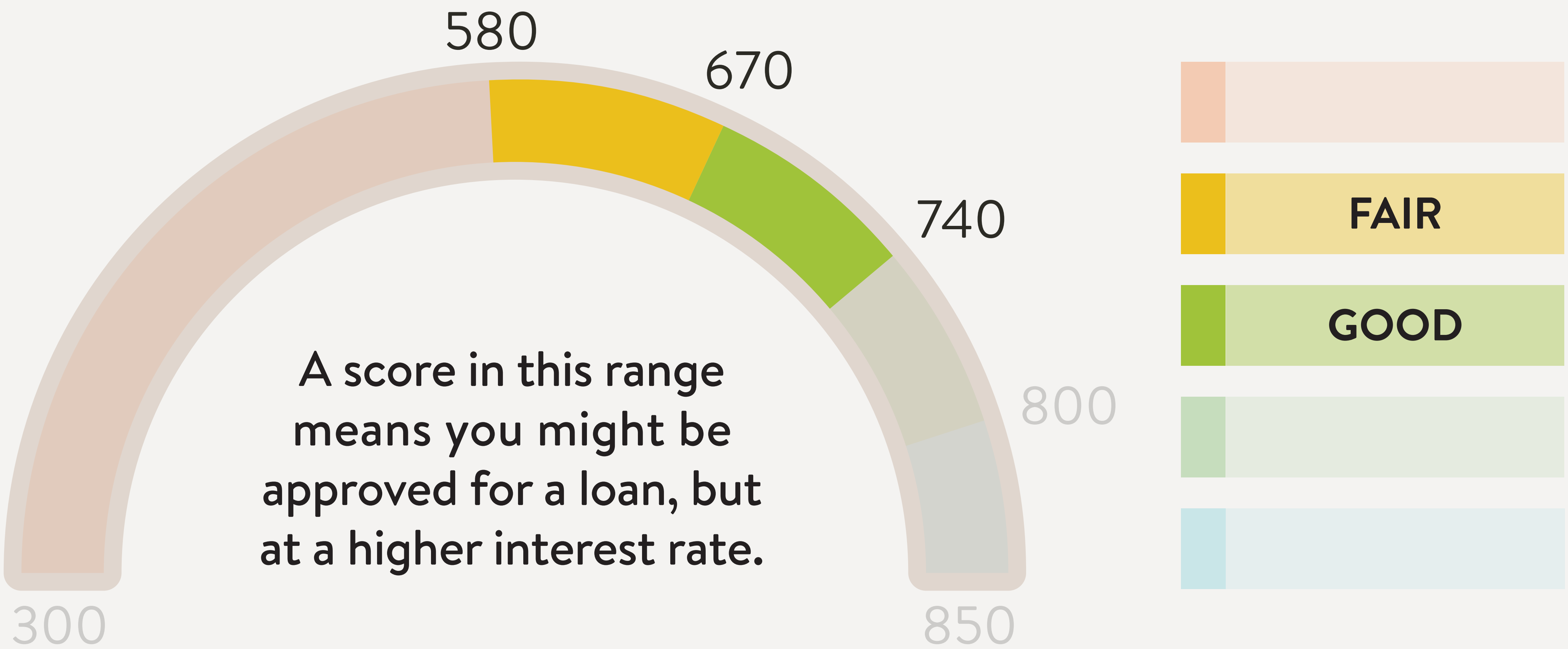
FICO

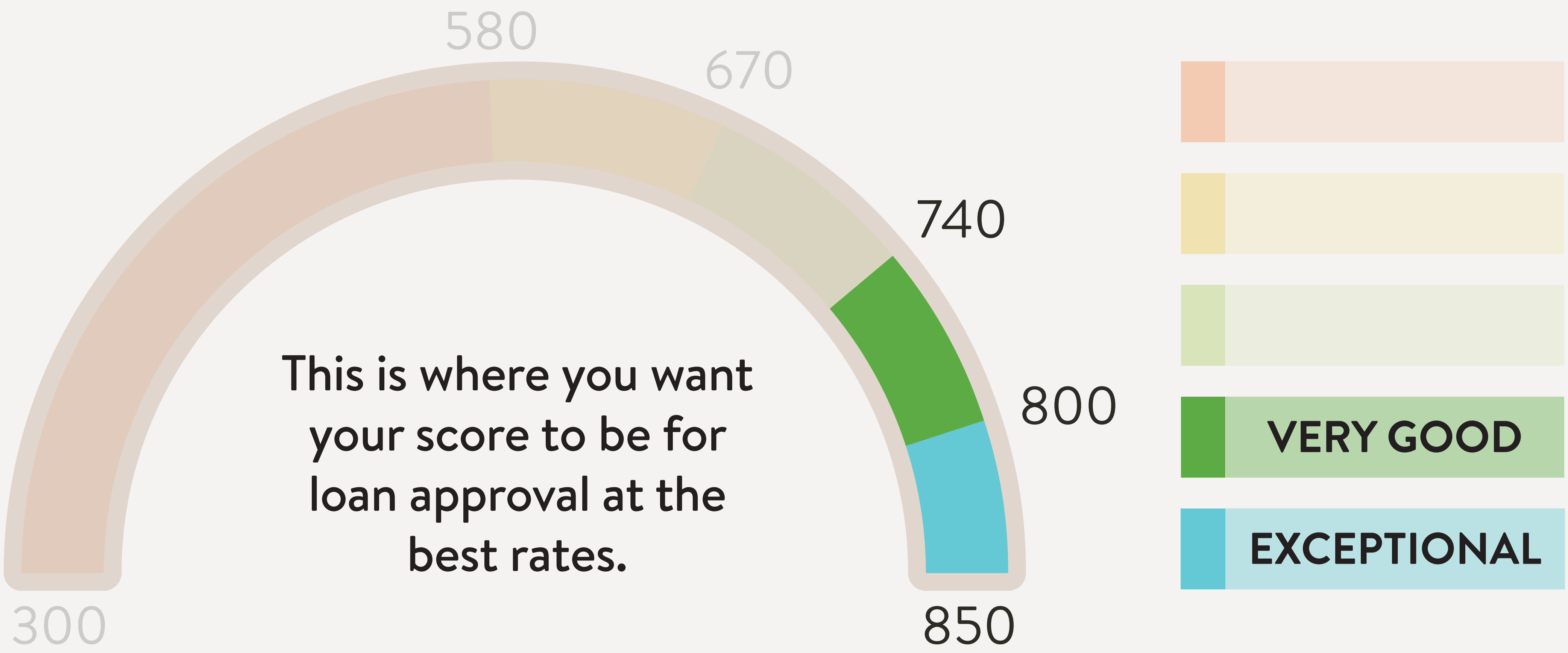
Since each credit bureau uses its own formula, **your FICO Score can vary,** depending on which bureau supplies the information.

What does my score
MEAN?


580
670
740
800
300
850
Most credit scores are between 300 and 850.
This chart is based on the FICO Score model.
POOR
FAIR
GOOD
VERY GOOD
EXCEPTIONAL


580
670
740
800
300
850
A low score means you could be denied a loan or credit card.
POOR


580
670
740
800
300
850
A score in this range means you might be approved for a loan, but at a higher interest rate.
FAIR
GOOD


580
670
740
800
300
850
This is where you want your score to be for loan approval at the best rates.
VERY GOOD
EXCEPTIONAL

Why does my score

MATTER?

Credit scores can influence:

Renting an Apartment

Student Loans

Car Payments

Job Applications

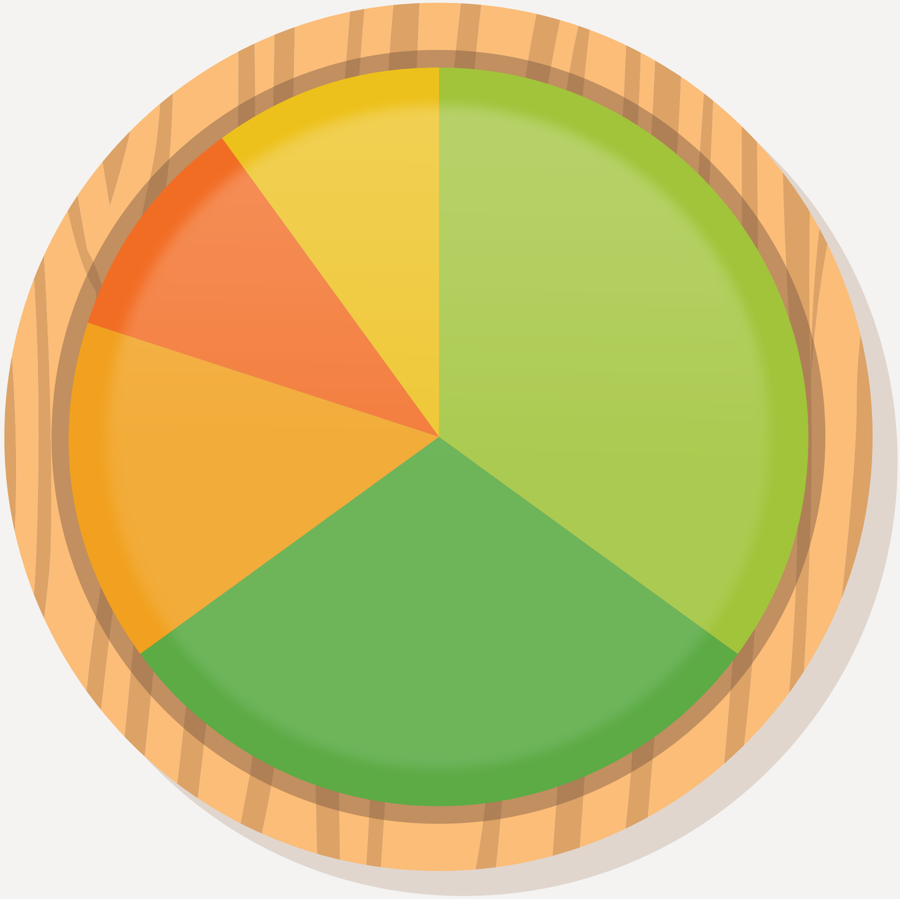
How are credit scores **CALCULATED?**

The breakdown of a credit score goes like this:

10% MIX OF CREDIT

10% NEW CREDIT

15% LENGTH OF CREDIT



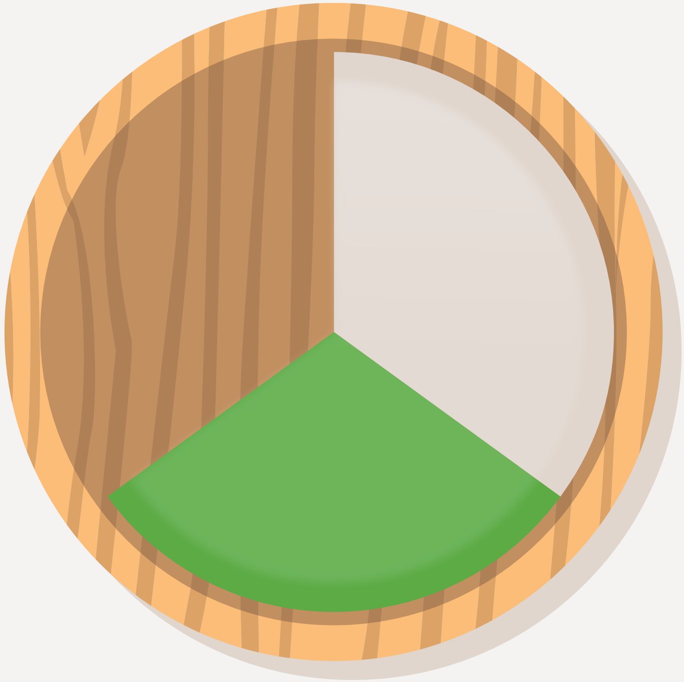
35% PAYMENT HISTORY

30% CAPACITY

PAYMENT HISTORY (35%)

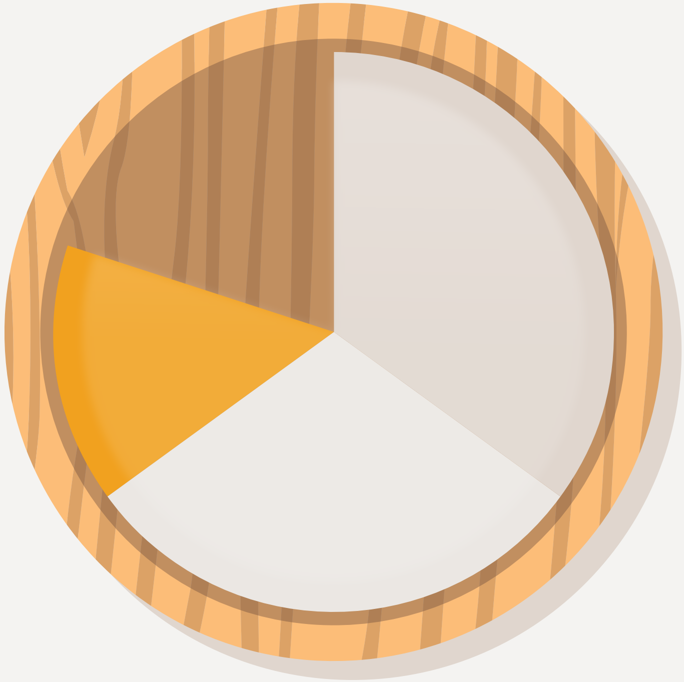
Making payments on time boosts your score

CAPACITY (30%)



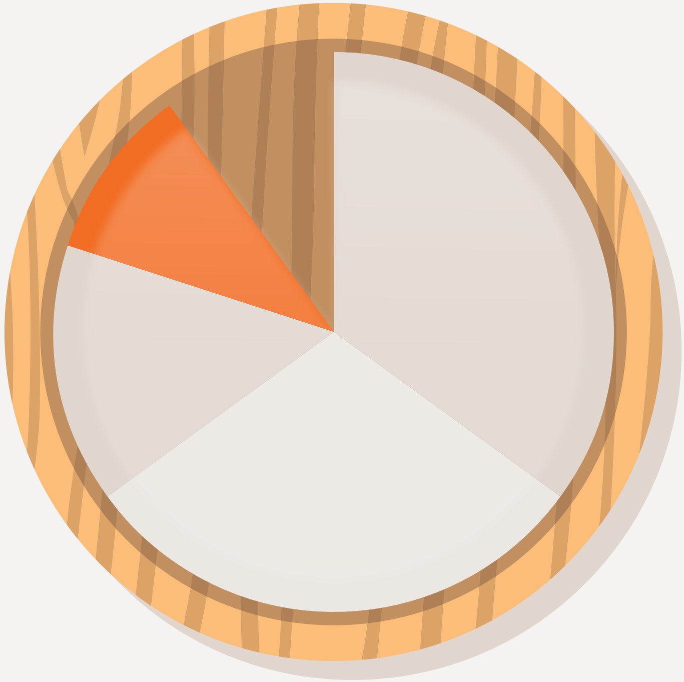
- How much of your available credit you actually use
- The less you use, the better
- Maxing out your lines of credit harms your score

LENGTH OF CREDIT (15%)



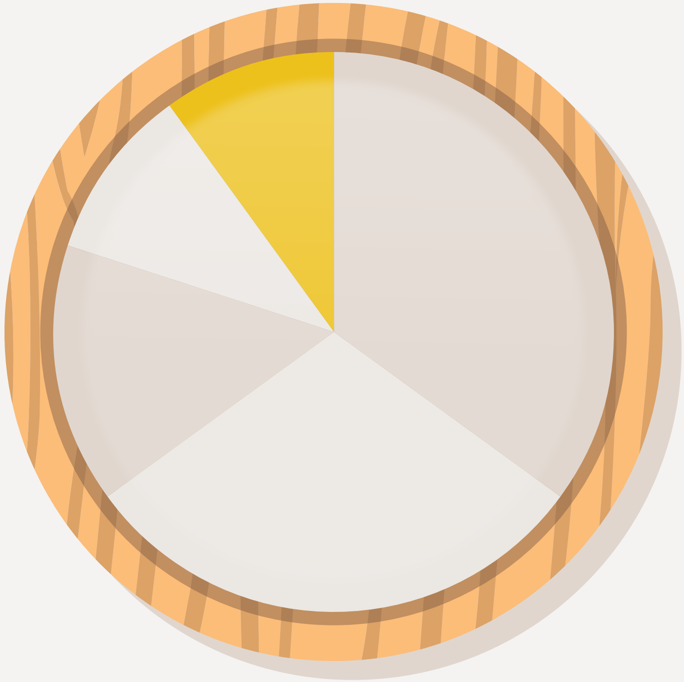
A long history of good credit habits raises your score

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.

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)

$$$

Get your actual FICO Score from 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***

BROUGHT TO YOU BY

SERVU CREDIT UNION

Sources: FICO, Forbes, FTC Guide to Credit Scores

- IT'S A -
MONEY
THING®