

PERSONAL FINANCE WORKSHOP

How to Improve your Credit Score - presented by Professor Jenny Resnick

FICO or Vantage Score

- same factors applied, highly correlative
- both scores range from 350 to 850
- over 90% of top lenders use FICO score

Reported by the top 3 credit bureaus: Experian, Equifax, TransUnion

How do I interpret my FICO score?

<https://www.cnbc.com/select/average-fico-score-hits-record-high-in-2020/>

- **Very poor:** 300 to 579
- **Fair:** 580 to 669
- **Good:** 670 to 739
- **Very Good:** 740 to 799
- **Excellent:** 800 to 850

Why is Credit Score so important and what score do I need?

- Find a good job and stay employed:
according to HR.com 2020 study 90% of employers check credit reports on FT employees
- Rent an apartment
minimum 650, 690 for Los Angeles, per 2017 survey from RentCafe
- Lease a car
Minimum 680 per Nerdwallet, 729 per Experian in 2nd quarter of 2020
- Buy a car
Check out the rates you pay based on your credit score from Experian
- Get a credit card
Check out the credit score you need as summarized by moneyunder30.com

Car Loan Rates by Credit Score

Credit score	Average APR, new car	Average APR, used car
Superprime: 781-850	3.65%	4.29%
Prime: 661-780	4.68%	6.04%
Nonprime: 601-660	7.65%	11.26%
Subprime: 501-600	11.92%	17.74%
Deep subprime: 300-500	14.39%	20.45%

Source: Experian Information Solutions

FICO score calculation:

- 35% payment history
- 30% credit utilization
- 15% length of credit history
- 10% new credit
- 10% types of credit used

To improve your credit score:

- **Pay every bill on time**
- **Keep credit card balances low relative to your credit limits**
- **Be judicious about applying for new credit** A flurry of new applications can suggest financial distress
- **Keep old credit accounts open unless you have a compelling reason to close them, such as a high annual fee.** They contribute to your overall credit limit, which benefits credit utilization. They also contribute to credit age.
- **Monitor your credit and correct any errors on credit report**
- **Money & Credit information posted by FTC**
<https://www.consumer.ftc.gov/topics/money-credit>

Myths or Facts?

- **Carrying over a credit card balance will help my credit score - Myth**
- **Co-signing a loan can hurt your credit - Fact**
- **Checking credit report can affect my score - Myth**
- **Filing for bankruptcy does not dismiss all debt - Fact**