



## How to improve your FICO score

» While it is not possible to remove accurate negative information before the time it drops off the report, you can improve your score by using credit responsibility.

» **Pay on time, every time.** A commitment to never make a credit payment late again is one of the most powerful steps you can take to improve your credit rating.

» **Pay collection accounts.** If you have collection accounts on your credit report, you can give your score a quick boost by paying them. Request payment arrangements for balances you can't afford to pay in full (make sure you confirm the agreement with a letter).

» **Limit open accounts.** Two to four open unsecured credit accounts is usually perceived as a good number to have. Having too much available credit can make you appear risky to a lender. You may have no or low balances today, but could easily be deeply in debt tomorrow if you chose to go on a spending spree.

» **Keep your old accounts.** Accounts that you've held for two years or more show credit history, which indicates stability. Creditors only have limited information to base decisions on with new accounts.

» **Avoid "maxing out" accounts.** Keep your balances no more than 60 percent of the limit on revolving credit.

» **Avoid balance transfers.** While transferring balances to "teaser rate" cards can be a way to efficiently get out of debt, it can have a detrimental effect on your credit score. The accounts will be new, and likely have balances close to the limit in order to maximize the advantage of the low rate – two factors that can lower your score.

» **Avoid excess credit applications.** Each time you apply for credit, your score decreases just a bit. Too many applications can be damaging, so only seek loans and credit you truly need.

### » Additional Resources:

- [www.annualcreditreport.com](http://www.annualcreditreport.com)
- [www.myFICO.com](http://www.myFICO.com)
- [www.balancepro.net](http://www.balancepro.net)