

## Ways to improve your credit scores

### Handout 7-10

**Pay your bills on time.** This is a great way to show that you can manage credit wisely. Late payments or accounts sent to collections can really hurt your score. Utility bill payments are not recorded in your score monthly. But those debts will be in the public records section if you reach a collection stage. Cell phones, credit cards and loan payments will be reported monthly. Keep track of your due dates and manage your money so you can pay all your bills on time.

**If you cannot pay on time, take action.** Get in touch with the creditor and ask to work something out, so that it does not go on your credit report. If you become ill or disabled, check the terms of your loans and other credit to see if you are insured so that your payments will be covered.

**Try to pay your credit card balances in full.** This shows you have the money to cover the credit you use. It is also a good way to prevent debt from getting out of control. If you can't pay in full, pay as much as you can, but pay it on time. Be sure to at least make the minimum payment.

**Pay your debt as fast as you can.** The longer your debt remains, the more it seems that you are unable to handle it, and this will hurt your score. Take on only the amount of credit that you can manage.

**Stay within your credit limit.** Do not go over your credit limit on your cards or other sources of credit. The higher your balance, the more it affects your score. Try to keep your balance well below your credit limit.

**Do not apply for credit too often.** It can be good to show that you know how to handle different types of credit. But applying for too much credit in a short period of time can be taken as a sign of financial instability. Each of these applications results in an inquiry to the credit bureau. Too many inquiries on your record will hurt your score.

**Do use credit.** Sometimes a poor credit score just means that a person does not use credit much. You cannot build a credit history without using credit. Just make sure that when you do use it, you use it wisely.

**Correct errors.** Get a copy of your credit report. Make sure there are no errors. Mistakes may not be your fault, but it is your responsibility to fix them.