

# HOW TO BUILD A STRONG CREDIT SCORE

Your credit history is an important factor that influences your credit scores. When you apply for credit, lenders often check your credit report to gauge how likely you are to pay on-time in the future. With a good credit history, you have a better chance of being approved for credit or getting lower interest rates. Here are some ways you can improve your credit history and your credit score:

**Pay your bills on time.** The most recent information on a report is more important. So if you've paid your accounts on time for the last two to three years, a few late payments from five years ago may not prevent you from getting new credit.

**Have some credit but not too much.** Having no credit history is almost as bad as having a negative credit history. If you have paid one or more accounts as agreed, you have shown you can manage your finances responsibly.

**Keep your balances well below your credit limits.** High utilization (balances close to credit limits) often indicates high risk.

**Have a mixture of credit types.** It's good to have a history of repaying an installment loan, but a revolving (credit card) account is even more predictive of credit risk because you must manage your balance and monthly payment.

**Apply only for the credit you need.** Recent inquiries can indicate that you have opened new accounts that don't yet appear on your credit report.