

# Understanding And Improving Your Credit Score

(NAPSA)—Have you made your New Year's resolution yet? If you're like many Americans, you want to get a handle on your finances in 2007. It's time to get out of debt, stick to a budget and know your credit score. That's right—your credit score affects virtually every major financial transaction you make, from buying a house or car to purchasing insurance or applying for a credit card. The score can influence what interest rate you receive or whether you are approved at all.

Every person who has ever borrowed money or used credit has a score that reflects how well he or she has handled that credit in the past. It comes in an approximate range of 300 (poor credit) to 850 (excellent credit) and is based on factors such as how much credit you have, how much money you owe and if you have made past payments on time.

"Today, one-third of people who seek automotive financing have some blemishes on their credit records," says Steve Bowman, Chief Credit Officer at AmeriCredit, one of the nation's leading independent automobile financing companies. "Any time you open a new credit card, apply for a loan or fail to make a payment on time, that information is reported to the bureaus and affects your score."

But it's never too late to improve your credit. When it comes to raising your credit score, the sooner you take action, the better. That's because events on your credit record that occurred during the last two years weigh more heavily than events further in the past. After seven to 10 years (depending on the type of event), the information is dropped from your credit record altogether. Here are some tips for understanding and improving your score:

- **Make sure your credit report is accurate.** Visit [www.annualcreditreport.com](http://www.annualcreditreport.com) to get one free credit report per year from each of the three credit bureaus—TransUnion, Equifax and Experian. The report shows all your accounts, their balances and if you're behind on payments.



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Report any errors immediately because they will affect your score. For an extra fee, you may order your credit score. To get the most accurate picture of your credit, you may want to order your score from each bureau. The scores may be different because some finance companies do not report your account information to all three bureaus.

- **Pay your bills on time.** If you have missed payments, get current on your bills and stay current. Delinquent payments have an extremely negative impact on your score. Remember, you can usually ask your creditor to move the due date of your bills to a different time of the month.

- **If you can't pay off the balances of your credit cards each month, meet the minimum monthly payments.** Paying the minimums consistently and on time will help improve your score.

- **Don't hit all your credit limits.** Some experts recommend that you should keep your balances at 50 percent of your credit limit or less.

- **Close accounts you don't use, except for some of your oldest accounts.** When deciding which accounts to close, consider closing the accounts with annual fees or the highest interest rates first.

For more information, visit [www.americredit.com](http://www.americredit.com).