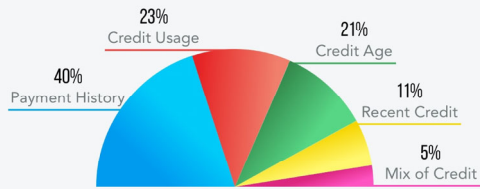


# WHAT MAKES UP YOUR CREDIT SCORE?



Want to raise your credit score or get a better understanding of what factors go into it? Here are the five major categories that make up a credit score:

## 40% PAYMENT HISTORY

Essentially what lenders want to know is whether or not you're good about paying your loans on time (the better you are, they figure, the more likely you are to pay them.)

## 23% CREDIT USAGE

Credit usage, also known as credit utilization, is the ratio between the total balance you owe and your total credit limit on your accounts. This is why closing accounts hurts your score; it shrinks your total credit limit. It's best to have a lower utilization rate — below 30 percent.

## 21% CREDIT AGE

The age of your oldest account, the age of your newest account, the average age of your accounts and whether you've used an account recently are all factors related to the length of your credit history. In general, the longer your credit history is the better.

## 11% MIX OF CREDIT

Your score also takes into consideration how many total accounts you have and what types of credit you have. Your score will likely be higher if you have experience with different types of credit, like mortgages and installment student loans, and not just a credit card.

## 5% RECENT CREDIT

Opening multiple credit accounts in a short period of time could represent a greater risk for lenders — those who see that you have multiple recent inquiries may worry that you are applying to so many places because you are unable to qualify for credit — or because you need money in a pinch.

### TIPS

- ▶ A history of multiple missed payments can seriously tank a score, so one of the best ways to bump up your credit score is to make consistent and timely payments.
- ▶ Paying off your balance each month doesn't hurt 'Credit Usage' component of your score.
- ▶ Inquiries within a two-week period for a specific purpose, like a mortgage, count as one — so this doesn't excuse you from shopping around for the best credit deal.