FICO®
CREDIT SCORES

Follow the path to understanding...

What makes up the score?

- 35% = based on payment history (i.e. on-time pays or delinquencies)
  - More weight on current pay history
- 30% = capacity (available credit)
- 15% = length of credit
- 10% = accumulation of debt in the last 12-18 months
  - number of inquiries
  - opening dates
- 10% = mix of credit
  - installment (raises) vs. revolving (lowers)
  - number of finance company loans (the more you have, the lower your score)

What will hurt the score?

- Missing payments (regardless of $ amounts... It will take 24 months to restore credit with one late payment)
- Credit cards at capacity (i.e. maxing out credit cards)
- Shopping for credit excessively
- Opening numerous trades in a short time period
- Having more revolving loans vs. installment loans
- Borrowing from finance companies

What doesn't affect the score?

- Debt ratio
- Income
- Length of residence
- Length of employment

Approximate credit weight of each year

- 40% = current to 12 months
- 30% = 13-24 months
- 20% = 25-36 months
- 10% = 37 + months

How do I improve the score?

- Pay down on credit cards
- Do not close credit cards because capacity will decrease. You may be able to improve your score by having more available credit showing on credit cards. That indicates that you tend to use credit responsibly.
- Continue to make payments on time (older late payments will become less significant with time)
- Acquire a solid credit history with years of experience

INterra
CREDIT UNION

300 W. Lincoln Ave. • Goshen, IN 46526 • 574.534.2506 • 888.432.2848 • interracu.com

FICO® CREDIT SCORES

What is the FICO® score?

Your FICO® score is the numeric representation of the financial responsibility you have shown based on your credit history. The score has been determined to be a very good predictor of your repayment pattern over the next 24 months. According to Fair Isaacs Corporation, 75% of credit applications in the U.S. use the FICO® score.

Along with the credit report from a credit reporting agency, lenders can purchase a credit score based on the information in the report. That score is calculated by a complex equation that evaluates many types of information that exist on your credit report at that agency. By comparing this information to the patterns in hundreds of thousands of researched credit reports, the score identifies your level of future credit risk. Based on a scale of 350-850, the higher the score, the lower the risk.

Each of the three major credit reporting agencies have different names for the FICO® scores: Equifax – BEACON®; Experian – Experian/Fair Isaac Risk Model; and TransUnion – EMPIRICA®.

For more information about the FICO® score, go to **myfico.com**.

INterra
CREDIT UNION
interracu.com