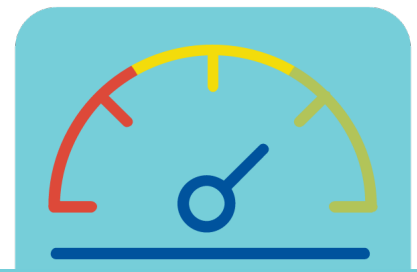


Counting on Credit

How a credit score can impact your life



While the month of March is recognized as National Credit Education Month, it's always the right time to learn more about your credit and expand your financial literacy. Keep reading for a quick explanation of what your credit score means and how it impacts your day-to-day life.

What is a credit score?

A credit score is a numerical representation of someone's financial reliability. In other words, how responsible someone is at handling money when they borrow from a bank or other lender. Credit scores are calculated using several factors, including paying bills on time, credit utilization, length of credit history, types of credit accounts, and recent credit inquiries. Banks and lenders use this score to decide if they should lend money to someone and how much interest to charge.

300 – 850

is the typical range for a credit score, with a higher score indicating a lower lending risk

Why is it important?

A credit score influences a person's ability to access credit in various forms, such as loans, credit cards, mortgages, and more. A higher credit score typically indicates the individual has a lower risk of missing

payments, which can lead to lower interest rates and higher borrowing limits. This can save money over the life of the loan, as lower interest rates mean lower monthly payments and less interest paid overall. Individuals who have a higher credit score have better opportunities to secure financing for major purchases like homes or cars, and are more likely to be approved for credit cards. There are generally five categories a credit score can fall into: poor (300–579), fair (580–669), good (670–739), very good (740–799), and excellent (800–850).

A credit score extends beyond just borrowing money. It can impact other aspects of life as well. Landlords often check credit scores when considering rental applications. Some employers may look at an applicant's credit scores during the hiring process, especially for positions involving financial responsibilities. Insurance companies could use credit scores to determine insurance premiums. A higher credit score can even result in lower insurance rates. Essentially, individuals with high credit scores have access to more financial opportunities, while a low credit score can limit options and lead to higher costs.

How can you find your score?

Consumers can request a free credit report using AnnualCreditReport.com each year from the three major credit bureaus: TransUnion, Equifax, and Experian. Credit scores may also be provided as a service by some major credit card companies or listed on monthly statements. Be sure to find your credit score and check the report for mistakes or instances where fraud may have occurred.



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