

## **Stockton Peer Financial Education Program How to Build Up Your Credit Score**

Do you know how to build up your credit score? We didn't think so... But do not fear! FinLit Peer Educators are here!

So why is it important to build up your credit score? Here are some reasons:

**Dear Peer Financial Educators,**  
**"My credit score stinks! How can I build it back up?"**  
**Sincerely, Hopeless**

Dear Hopeless,

"Don't worry, you're not alone. There are so many others out in this big old world that have low credit scores. What can you do? Here's some advice. First and foremost, check your credit report! Go to [annualcreditreport.com](http://annualcreditreport.com) to request a free copy of your credit report and check it for errors and fraud.<sup>2</sup> This is the only source for a free report. Do not be swayed by scams like [freecreditreport.com](http://freecreditreport.com). Second, if you have debt, pay off the debts with the highest interest rates FIRST! Make sure that you get into the habit of paying ALL of your bills on time to avoid extra fees and charges. If you have missed payments, try to get back on track and stay on track. Remember, get current and stay current! In the end, if none of these tactics seem to work for you, contact a financial counselor. They will be able to find other ways that will help resolve your debt problems. A good website you can check out is [www.novadebt.org](http://www.novadebt.org), a non-profit credit counseling firm."

**Dear Peer Financial Educators,**  
**"What are some other helpful facts that I could know about credit?"**  
**Sincerely, Curious**

Dear Curious,

"Glad you asked! You should totally have a knowledge about the Five C's of Credit. They are character, capacity, capital, collateral, and conditions. Ask yourself these five questions:

- Do you pay your bills on time?
- Can you repay the loan?
- What are your assets and net worth?
- What assets do you have to secure the loan?
- How do your economic conditions affect your ability to pay your loan off?

Also, you should know about what is a good credit score and what isn't. Credit scores range from 350 to 850. A good credit score is in the bracket of 700 to 850. When you check your credit score, there are three major credit bureaus that obtain information from banks, finance companies, credit card companies, and other lenders. These are TransUnion, Equifax, and Experian.

This is how credit card companies break down your credit score<sup>3</sup>:"

#### References:

<sup>1</sup> See <http://financialplan.about.com/od/creditdebtmanagement/a/nocredit.htm>

<sup>2</sup> See <http://www.annualcreditreport.com>

<sup>3</sup> See <http://www.myfico.com/crediteducation/WhatsInYourScore.aspx>

For further information about Peer Financial Education, contact:  
Dr. Deborah M. Figart, Professor of Education and Economics  
Director, Stockton Center for Economic & Financial Literacy  
[Deb.Figart@stockton.edu](mailto:Deb.Figart@stockton.edu)