

9 quick fixes to boost your credit scores

Most families nowadays have been affected one way or another by various factors in our current economy, consequently paying some bills late or even not at all. You're not alone. Many individuals and families today have had enough credit issues to make getting approved for a new car, a home or a credit card more difficult. Or maybe your credit is fine, though you'd like to make it better. After all, the better your credit, the less you pay in interest and, typically, for [insurance](#). To have better scores, consider first determining what your scores are now. You can get a free copy of each of your 3 credit reports every 12 months, at annualcreditreport.com, [Credit Karma](#) or by calling 877-322-8228. You typically have to pay to see your FICO scores (check out [myFICO](#) for \$19.95). You may want to work on your scores if they are under 760.

So here are the nine ways you can take to boost your scores:

1. Get a credit card if you don't have one

But don't carry balances. Having and using a couple of cards makes a huge difference. If a nonsecured card is not available find a secured card that gives you a line of credit equal to your deposit and that reports to all 3 major credit bureaus.



2. Add an installment loan to the mix

You'll get the fastest boost in your scores if you show you're responsible with both major kinds of credit: revolving (credit cards) and installment (personal loans, auto, mortgages and student loans). If you don't already have an installment loan on your credit reports, consider adding a small personal loan that you can pay back over time. Again, you'll want the loan to be reported to all three bureaus, and you'll probably get the best deal from a community bank or credit union.

3. Pay down your credit cards

If you're having trouble making payments, you can try to work out a payment plan with your creditors or consult a non-profit credit counseling agency to negotiate on your behalf. Paying off your installment loans (mortgage, auto, student, etc.) can help your scores though typically not as dramatically as paying down -- or paying off -- revolving accounts such as credit cards. Lenders like to see a big gap between the amount of credit you're using and your available credit limits. Getting your balances below 30% of the credit limit on each card can really help; getting balances below 10% is even better. Though most debt gurus recommend paying off the highest-rate card first, a better strategy here is to pay down the cards that are closest to their limits.

4. Use your cards lightly

Racking up big balances can hurt your scores, regardless of whether you pay your bills in full each month. What's typically reported to the credit bureaus, and thus calculated into your scores, are the balances reported on your last statements. You often can increase your scores by limiting your charges to 30% or less of a card's limit; 10% is even better. If you're having trouble keeping track, you can set up email or text alerts with your credit card companies to let you know when you're approaching a limit you've set. If you regularly use more than half your limit on a card, consider using other cards to ease the load or try making a payment before the statement closing date to reduce the balance that's reported to the bureaus. Just be sure to make a second payment between the closing date and the due date, so you don't get reported as late.

5. Check your limits

Your scores might be artificially depressed if your lender is showing a lower limit than you actually have. Most credit card issuers will quickly update this information if you ask. If your issuer makes it a policy not to report consumers' limits, however -- as is sometimes the case with "no preset spending limit" cards -- the bureaus may use your highest balance as a proxy for your credit limit. You may see the problem here: If you consistently charge the same amount each month -- say, \$2,000 to \$2,500 -- it may look to the credit-scoring formula like you're regularly maxing out that card. If you have an American Express charge card -- the kind that must be paid in full every month, rather than the kind on which you carry a balance -- you probably don't have to worry, because charge cards typically aren't included in the credit utilization portion of the FICO formula. If, however, the card is categorized on your credit reports not as a charge card though as a revolving credit card, and either a credit limit or high balance is reported to the bureaus, your balances on the card could be a problem. You could go on a wild spending spree to raise the high balance reported to the credit bureaus, though a more sober solution would simply be to pay your balance down or off before your statement period closes.

6. Brush up old cards

Avoid closing credit cards that you've had a long time since this can be a negatively impact. If you have a card with an annual fee, request to switch the card to one without a fee instead. The older your credit history, the better. Though if you stop using your oldest cards, the issuers may decide to close the accounts or stop updating them to the credit bureaus. The accounts may still appear, though

they won't be given as much weight in the credit-scoring formula as your active accounts. So you might want to charge a recurring bill to one of those little-used accounts or take them out for dinner and a movie occasionally -- always, of course, paying off the balance in full.

7. Get some goodwill

If you've been a good customer, a lender might agree to simply erase that one late payment from your credit history. You usually have to make the request in writing, and your chances for a "goodwill adjustment" improve the better your record with the company (and the better your credit in general). Though it can't hurt to ask. A longer-term solution for more-troubled accounts is to ask that they be "re-aged." If the account is still open, the lender might erase previous delinquencies if you make a series of 12 or so on-time payments.

8. Dispute old negatives

Say that fight with your phone company over an unfair bill a few years ago resulted in a collections account. You can continue protesting that the charge was unjust, or you can try disputing the account with the credit bureaus as "not mine." The older and smaller a collection account, the more likely the collection agency won't bother to verify it when the credit bureau investigates your dispute. Some consumers also have had luck disputing old items with a lender that has merged with another company, which can leave lender records a real mess.

9. Blitz significant errors

Fix any errors in your credit report. It's bad enough if you've made your share of mistakes in the past so you certainly don't want to be penalized for ones you didn't make as well. About 70% of credit reports have them so there's a good chance at least one of yours does too. Remember, you can get a free copy of each of your 3 credit reports every 12 months, at annualcreditreport.com or by calling 877-322-8228.

Once you get your report, you can then correct an errors you find that could be hurting your score.



Your credit scores are calculated based on the information in your credit reports, so certain errors there can really cost you. Though not everything that's reported in your files matters to your scores.

Here's the stuff that's usually worth the effort of correcting with the bureaus:

- Late payments, charge-offs, collections or other negative items that aren't yours.
- Credit limits reported as lower than they actually are.
- Accounts listed as "settled," "paid derogatory," "paid charge-off" or anything other than "current" or "paid as agreed" if you paid on time and in full.
- Accounts that are still listed as unpaid that were included in a bankruptcy.
- Negative items older than seven years (10 in the case of bankruptcy) that should have automatically fallen off your reports.

You actually have to be a bit careful with this last one, because sometimes scores actually go down when bad items fall off your reports. It's a quirk in the FICO credit-scoring software, and the potential effect of eliminating old negative items is difficult to predict.

Some of the stuff that you typically shouldn't worry about includes:

- Outdated or incorrect address information.
- Various misspellings of your name.
- An old employer listed as current.
- Most inquiries.

If the misspelled name or incorrect address is because of identity theft or because your file has been mixed up with someone else's, that should be obvious when you look at your accounts. You'll see delinquencies or accounts that aren't yours and should report that immediately. However, if it's just a goof by the credit bureau or one of the companies reporting to it, it's usually not worth sweating.

Two more items you don't need to correct:

- Accounts you closed listed as being open.
- Accounts you closed that don't say "closed by consumer."

Closing an account can't help your scores and may hurt them. If your goal is boosting your scores, leave these alone. Once an account has been closed, though, it doesn't matter to the scoring formulas who did it -- you or the lender. If you messed up the account, it will be obvious from the late payments and other derogatory information included in the file.

For any help, answers, guidance, please remember- we're here to serve you!

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