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# How to Improve Your Credit Score

A credit score reflects credit payment patterns over time, with more emphasis on recent information.

Pay your bills on time. Delinquent payments and collections can have a major negative impact on a credit score.

Keep balances low on credit cards and other “revolving credit.” High outstanding debt can affect a credit score.

Apply for and open new credit accounts only as needed. Don't open accounts just to have a better credit mix. It probably won't improve your credit score.

Pay off debt rather than moving it around. Also, don't close unused cards as a short-term strategy to improve your credit score. Owing the same amount but having fewer open accounts may lower your credit score.

## The Most Important Credit Score Factors

Certain credit score factors are more important than others. Payment history and credit utilization ratios are among the most important in many critical credit scoring models, and together they can represent up to 70% of a credit score, which means they're hugely influential.

### Payment History

When lenders review your credit report and request a credit score for you, they're very interested in how reliably you pay your bills. That's because past payment performance is usually considered a good predictor of future performance.

You can positively influence this credit scoring factor by paying all your bills on time as agreed every month. Paying late or settling an account for less than what you originally agreed to pay can negatively affect credit scores.

You'll want to pay all bills on time — not just credit card bills or any loans you may have, such as auto loans or student loans, but also your rent, utilities, phone bill, etc. It's also a good idea to use resources and tools available to you, such as automatic payments or calendar reminders, to help ensure you pay on time every month.

If you're behind on any payments, bring them current as soon as possible. Although late or missed payments appear as negative information on your credit report for seven years, their impact on your credit score will decline over time. Older late payments will have less effect than more recent ones.



### Credit Utilization Ratio

The credit utilization ratio is another important number in credit score calculations. Basically, your credit utilization rate is calculated by dividing your total credit card balances by your total available credit (credit limit). **Credit scoring models consider both your overall credit utilization rate across all cards, and your rates for each individual card.**

**Lenders like to see low ratios of 30% or less, and people with the best credit scores often have very low credit utilization ratios.** A low credit utilization ratio tells lenders you haven't maxed out your credit cards, and likely know how to manage credit well. You can positively influence your credit utilization ratio by:

- Paying off debt and keeping credit card balances low
- Becoming an authorized user on another person's account (as long as they use credit responsibly)

Opening a new credit card can increase your overall credit limit, but the act of applying for credit creates a hard inquiry on your credit report. Too many hard inquiries can negatively impact your credit score, though this effect will fade over time. **Hard inquiries remain on your credit report for two years.**

For more information visit: <http://www.experian.com/blogs/ask-experian/credit-education/improving-credit/improve-credit-score/>



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## we're here for you

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September 4 **CLOSED** for Labor Day

**24/7 VISA Credit Card Call Center: 1.855.399.7492**