



Understanding Your Credit History and Maintaining Your Credit Score

WHAT IS A CREDIT SCORE:

A person's Credit Score is calculated by the credit bureau provider (i.e. Equifax, Transunion) using universally recognized analytics and is printed on every credit bureau report. .

In Canada creditors use the term Credit Score and Beacon Score interchangeably.

A person's Credit Score is a snapshot of one's creditworthiness at a particular moment in time.

The Credit Score is a calculation arrived at by assessing all information about an individual's loans, lines of credit and credit cards. It also includes information related to other matters, such as bankruptcies, collections, liens and repossessions.

Credit Scores range from 300 to 850, with any score over 700 indicating that an individual is generally "creditworthy".

WHY IS YOUR CREDIT SCORE IMPORTANT:

Traditional Lending Organizations (banks, credit unions, credit card companies), and now Companies (wireless service providers, insurance companies, employers) use the Credit Score to determine how much credit they will provide you, at what interest rate, and for what length of time. The Credit Score is used as a predictor of who is most likely to fall behind in their payments, whether these payments are on a loan, a credit card, or a cell phone.

The higher the Credit Score the more likely an individual will be able to obtain credit, and also obtain this credit at the lowest interest rates and fees.

HOW TO INCREASE YOUR CREDIT SCORE:

1. Pay loans and bills in full and on time.
2. Keep the "balance to limit ratio" on your credit card/credit lines under 50% where possible. For instance if your limit on a credit card or credit line is \$1,000, keep the balance under \$500.
3. Avoid holding many credit cards, including store credit cards.
4. Make sure your credit reports are accurate.
5. Avoid having numerous "credit checks" aka "inquiries" completed by the credit bureau provider by only applying for credit when you really need it.