

What Factors Affect Your Credit Score?

Your credit score is one of the most important components of your financial profile. It is a measurement of your credit risk. Keeping a positive credit history and a solid credit score is important because the higher your score, the more likely you will get approved for loans and qualify for the best rates.

FICO® credit scores are calculated from the credit data in your credit report. Five factors are analyzed in the FICO model. The percentages reflect the weight of each factor when calculating your FICO score.

1) *Payment History* - 35%

This category considers your bill paying habits for all credit accounts you may hold, which can include credit cards, auto loans, mortgages, most utility bills and more.

Positive Impact:

Paying Bills on Time
Accounts Paid as Agreed

Negative Impact:

Missing or Late Payments
Past Due Items or Collection Items
Delinquent Accounts
Adverse Public Records (Bankruptcy, Liens, etc.)

2) *Amounts Owed* - 30%

This category takes into account how much you owe compared to your available credit. The closer you are to your credit limits, the greater the negative impact is on your score. Factors include:

- Loan balances compared to the original loan amounts and account balance(s) compared to credit limit(s) per account, like with credit cards
- Total account balances compared to your revolving limits

3) *Length of Credit History* - 15%

This category takes into account the length of time that you've responsibly maintained credit accounts. Lenders tend to prefer borrowers with longer credit histories. Factors include:

- Amount of time all accounts have been opened, including oldest account
- Total account balances combined compared to your combined limits

4) *New Credit* - 10%

Be cautious about opening too many accounts in a short amount of time. Rapid opening of new accounts can lead to uncertainty about the borrower's ability to handle the new credit. Factors include:

- Number of accounts and length of time accounts have been held
- Recent hard inquiries for credit report & length of time since hard inquiries were made

5) *Types of Credit Used* - 10%

This category looks at the overall mix of types of credit. Factors include:

- Presence, frequency and recent information on various types of accounts such as credit cards, retail accounts, auto loans, student loans, mortgages and more.



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