

## 9. AVOID BANKRUPTCY

FILING FOR BANKRUPTCY IS ONE OF THE SINGLE WORST THINGS YOU CAN DO TO YOUR CREDIT SCORE. WHEN BANKRUPTCY IS LISTED ON YOUR CREDIT REPORT, YOUR CREDIT SCORE WILL DRAMATICALLY DECREASE. THIS INFORMATION WILL STAY ON YOUR CREDIT REPORT FOR UP TO 10 YEARS. MANY LENDERS AND CREDITORS WILL AUTOMATICALLY REJECT APPLICANTS WITH BANKRUPTCIES LISTED ON THEIR CREDIT REPORTS.

## 10. DON'T LIVE BEYOND YOUR MEANS

PAYING YOUR BILLS AND CAREFULLY WEIGHING THE IMPORTANCE OF ALL NEW CREDIT PURCHASES SHOULD BE YOUR MAIN FINANCIAL PRIORITY. CONTROLLING YOUR SPENDING MAY NOT ALWAYS BE AN EASY TASK, BUT IN THE LONG RUN, IT WILL BENEFIT YOU AND YOUR CREDIT SCORE WILL BE BETTER OFF.

APPLYING THE ABOVE STRATEGIES WILL NOT ONLY HELP TO IMPROVE YOUR CREDIT SCORE, BUT IT WILL ALSO HELP YOU TO HAVE BETTER CREDIT OPTIONS - ESPECIALLY DURING TIMES THAT YOU MIGHT NEED THEM MOST. SO, TAKE ACTION NOW TO BOOST YOUR CREDIT SCORE BY FOLLOWING THESE TOP 10 TIPS.



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### CREDIT SCORE

300-400	High Risk
600-700	Medium Risk
700-800	Low Risk

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# TOP TEN TIPS TO IMPROVE YOUR CREDIT SCORE



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### TOP TEN TIPS TO IMPROVE YOUR CREDIT SCORE

IMPROVING YOUR CREDIT SCORE MAY BE ONE OF THE MOST IMPORTANT ASPECTS OF YOUR FINANCIAL LIFE, ESPECIALLY IN TODAY'S TOUGH ECONOMIC ENVIRONMENT. HOWEVER, IMPROVING YOUR CREDIT SCORE DOESN'T HAPPEN OVERNIGHT. YOU CAN IMPROVE YOUR CREDIT SCORE OVER TIME BY FOLLOWING THESE TOP 10 TIPS.

### WHAT IS A CREDIT SCORE AND WHY IS IT IMPORTANT?

YOUR CREDIT SCORE IS A THREE-DIGIT NUMBER DERIVED BY LENDERS AND CREDITORS (BANKS, CREDIT CARD ISSUERS, RETAIL MERCHANTS, ETC.) FROM AN ANALYSIS OF YOUR CREDIT REPORT. THE CREDIT SCORE HELPS THEM GAUGE YOUR CREDIT WORTHINESS. IT WILL DETERMINE WHETHER OR NOT YOU CAN OBTAIN CREDIT AND BE APPROVED FOR LOANS.

HAVING A POOR CREDIT SCORE WILL PREVENT YOU FROM OBTAINING CREDIT ALTOGETHER OR PUT YOU IN A HIGH-RISK CATEGORY, WHICH MEANS IF YOU ARE APPROVED FOR CREDIT OR LOANS, YOU WILL PAY HIGHER INTEREST RATES. IF, ON THE OTHER HAND, YOUR CREDIT SCORE IS HIGH ENOUGH, YOU'LL GET LOW-RATE OFFERS FROM CREDIT CARD ISSUERS AND MORTGAGE LENDERS AND GET GREAT DEALS ON AUTO FINANCING.

A GOOD CREDIT SCORE CAN ALSO HELP YOU GET THAT JOB YOU MAY HAVE APPLIED FOR, PAY CHEAPER INSURANCE PREMIUMS AND LEASE AN APARTMENT.

#### 1. FIX ERRORS ON YOUR CREDIT REPORT

FINDING AND FIXING ERRORS ON YOUR CREDIT REPORT IS THE FASTEST WAY TO BOOST YOUR CREDIT SCORE! FEDERAL LAW GIVES YOU THE RIGHT TO GET A FREE COPY OF YOUR CREDIT REPORT FROM EACH OF THE THREE NATIONAL CREDIT AGENCIES (EQUIFAX, EXPERIAN, AND TRANSUNION) EVERY 12 MONTHS, OR YOU CAN GET ONE REPORT FROM EACH CREDIT AGENCY EVERY 4 MONTHS. IF YOU DETECT ANY ERRORS ON YOUR CREDIT REPORT, FILE A DISPUTE RIGHT AWAY. YOU CAN OBTAIN YOUR CREDIT REPORTS FREE OF CHARGE BY CALLING (877) 322-8228 OR BY GOING ONLINE AT WWW.ANNUALCREDITREPORT.COM.

#### 2. PAY YOUR BILLS, FINES AND FEES ON TIME

THIS STRATEGY MAY SEEM VERY OBVIOUS BUT IT IS ONE OF THE MOST IMPORTANT WAYS TO IMPROVE YOUR CREDIT SCORE AND IS ALSO THE LEAST COMPLICATED. LATE PAYMENTS AND SKIPPING PAYMENTS ARE OFTEN RESPONSIBLE FOR SIGNIFICANT DROPS IN CREDIT SCORES.

PAYMENT HISTORY MAKES UP 35% OF YOUR CREDIT SCORE. THEREFORE, IT'S IMPORTANT TO PAY YOUR BILLS ON TIME AND ALL THE TIME.

#### 3. KEEP YOUR CREDIT CARD BALANCES LOW

THE SECOND MOST HEAVILY WEIGHTED FACTOR IN CREDIT SCORING IS YOUR CREDIT CARD BALANCES, WHICH MAKES UP 30% OF YOUR CREDIT SCORE. NEVER MAX OUT ON YOUR CREDIT CARDS. TRY KEEPING YOUR BALANCE ON EACH CREDIT CARD BELOW 35% OF THE TOTAL CREDIT LIMIT; MORE THAN THAT WILL HURT YOUR CREDIT SCORE. SPREADING DEBT BETWEEN CARDS MAY BE BETTER FOR YOUR CREDIT SCORE THAN USING ONE CREDIT CARD!

#### 4. BUILD UP A LENGTHY CREDIT HISTORY

LENDERS AND CREDITORS WANT TO SEE THAT YOU CAN RESPONSIBLY MANAGE YOUR CREDIT ACCOUNTS OVER TIME. HAVING OLD ACCOUNTS CAN ACTUALLY HELP YOUR CREDIT SCORE, AND KEEP THEM ACTIVE; CLOSING OUT OLD ACCOUNTS WILL MAKE YOUR CREDIT HISTORY LOOK YEARS YOUNGER. YOUR CREDIT HISTORY ACCOUNTS FOR 15% OF YOUR SCORE, SO SHOW THAT YOU CAN MANAGE YOUR CREDIT OVER TIME.

#### 5. HAVE A VARIETY OF CREDIT

YOUR CREDIT SCORE WILL REFLECT THE ASSORTMENT OF CREDIT YOU HAVE WHICH MAKES UP 10% OF YOUR CREDIT SCORE. FOR EXAMPLE, AN INDIVIDUAL WHO SUCCESSFULLY PAID A CAR LOAN, A STUDENT LOAN AND CREDITS CARDS WILL HAVE A HIGHER CREDIT SCORE THAN SOMEONE WHO SIMPLY HAS ONLY CREDIT CARDS.

WHILE HAVING A VARIETY OF CREDIT WILL IMPROVE YOUR SCORE, IT'S NOT NECESSARY TO HAVE ONE OF EACH AND IT'S NEVER A GOOD IDEA TO OPEN AN ACCOUNT IF YOU HAVE NO INTENTION OF USING IT.

#### 6. AVOID EXCESS INQUIRIES

WHEN YOU APPLY FOR A CREDIT CARD OR ANY TYPE OF LOAN, THE CREDITOR MAKES AN INQUIRY WITH THE CREDIT REPORTING AGENCIES ABOUT YOUR CREDIT HISTORY. THE INQUIRY GETS ADDED TO YOUR CREDIT REPORT AND MAKES UP 10% OF YOUR CREDIT SCORE. IF YOU HAVE A LOT OF INQUIRIES IN A 30-DAY PERIOD, YOUR CREDIT SCORE COULD SUFFER. SO AVOID THE URGE TO APPLY FOR THOSE RETAIL CREDIT CARDS. YOU MAY SAVE 10% ON YOUR PURCHASES, BUT YOU MAY END UP PAYING MORE IN OVERALL INTEREST IF THE APPLICATION LOWERS YOUR SCORE!

#### 7. SIGN UP FOR AUTOMATIC PAYMENTS

IF YOU FORGET TO PAY YOUR BILLS ON TIME, SIGN UP FOR AUTOMATIC ELECTRONIC PAYMENTS. BILL PAYMENTS WILL BE AUTOMATICALLY DEDUCTED FROM YOUR BANK ACCOUNT. THIS WILL GUARANTEE THAT YOUR BILLS WILL BE PAID ON TIME AND WILL HELP IMPROVE YOUR CREDIT SCORE.

#### 8. NEGOTIATE WITH YOUR CREDITORS

IF YOU'RE HAVING FINANCIAL DIFFICULTIES, OR YOU SEE ONE LOOMING, CONTACT YOUR CREDITORS AS SOON AS POSSIBLE! NEGOTIATE WITH YOUR CREDITORS TO CONSTRUCT A PAYMENT PLAN THAT'S ACCEPTABLE AND WITHIN YOUR FINANCIAL MEANS. THIS WILL HELP TO KEEP CREDITORS FROM TURNING YOUR DEBT OVER TO A COLLECTION AGENCY, WHICH WILL HAVE A LONG-TERM NEGATIVE IMPACT ON YOUR CREDIT SCORE.