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## 8 Easy Ways to Boost Your Credit Score

As Julie Jorgenson frantically rushed out the door for the airport, she ran past the credit card payment sitting on the kitchen counter. Julie caught her flight, sat back and dreamed of sipping umbrella drinks on her tropical vacation. That was, until she remembered the envelope she forgot to mail. She convinced herself the payment would only be a few days late and wouldn't be a problem, but it turns out she was wrong. And while she relaxed by the pool, her credit score took a dive.



Not all credit card companies report payments as late until the payment is more than 30 days past due. Unfortunately for Julie, her credit card company reported the late payment to the credit reporting agencies right away. That one late payment lowered her credit score from 760, an "Excellent" credit rating to 680, and a designation of just 'Good'. The difference between 'Excellent' and 'Good' may not sound like a big deal, but when Julie shopped for a house a few months later, the news shocked her. The lender explained her status change increased her interest rate on a mortgage by 2/3rds of 1%. For Julie's \$200,000 mortgage, that translates to an extra \$85 payment per month or almost \$31,000 extra for a 30-year mortgage!

Paying \$31,000 for an innocent mistake wasn't acceptable to Julie so she vowed to rebuild her blemished credit. She put off buying the house for 6 months to concentrate on raising her credit score. With some time and the right steps, Julie boosted her credit score back to where it belonged. She got her credit score back on track and you can, too. Here's how:

### **Pay your bills on time.**

This one factor has the biggest impact on your credit score. One late payment can reduce your score by up to 100 points and it can take six months to one year of on-time payments to lessen its effect. Do whatever it takes to pay bills promptly, because with time, this is the surest way to a better credit score.

### **Check your credit report year round and dispute anything suspicious or inaccurate.**

To get your free credit report, call 877-322-8228 or visit [www.annualcreditreport.com](http://www.annualcreditreport.com). You can get one free report from each credit-reporting agency (Experian, Equifax and Trans Union) once every 12 months. The best way to keep tabs on your credit report year round is to rotate your requests from the credit reporting agencies every four months. For instance, this month request a credit report from Experian. In four months, request your credit report from Equifax and four months later, request your credit report from Trans Union. This way, each credit report is free and you can keep an eye on your credit throughout the year. If you see anything suspicious, dispute it using the form included with your credit report.

Remembering when to request which credit report can be difficult, but there's a website that makes it easy – and it's free, too! [www.mytruston.com](http://www.mytruston.com) has a great service that keeps track of your inquiries for you and sends you an e-mail reminder when it's time for you to request the next credit report.

### **Pay down credit card balances to less than 50% of your credit limit.**

It's best for your credit score when you borrow less than half of your eligible credit limit. If you can't pay your balance down to below 50% of your credit limit, try instead to ask for an increase in your credit limit.

### **Make sure each account on your credit report shows the correct credit limit.**

Some credit card companies don't supply your credit limit to the credit reporting agencies, and without that information, your credit score will reflect that you're borrowing every last penny of your available credit. This will lower your credit score, so make sure that a credit limit appears on all credit card accounts. If it doesn't, contact your credit card company and ask them to include the credit limit or dispute the information directly with the credit reporting agencies.

### **Dispute negative items that are more than six years old.**

Other than a bankruptcy which will stay on your report for up to ten years, unpaid accounts and accounts with late payments should 'fall off' your credit report after six years. If they don't, you will need to dispute the information as being obsolete in order to have it removed.

### **Be aware that paying an old debt will ding your credit score.**

Accounts with recent activity have the most impact on your credit score. As a collection account gets older, it doesn't affect your credit score as much as it did when it first went into collections. But, when you pay off one of these old accounts, that recent activity will make the account current and will initially lower your credit score. If you plan to pay off a collection account or another old debt, be sure to settle it well before you need credit to give your credit score time to recover.

### **Pay off credit card debt instead of shuffling the balances around.**

It's tempting to transfer your balance from an 18% interest rate card to one that charges only 12%, but every time you apply for credit, and a lender checks your credit history, your credit score takes a hit. So, chasing financing deals and opening new credit accounts ultimately dings your credit score. It's best to pay off the debt instead of opening new accounts and transferring the balance.

### **Keep your comparison-shopping for a mortgage or car loan to within 14 days.**

As long as multiple mortgage or auto lenders check into your credit within 14 days of each other, your credit score will count these inquiries as only one credit check. But if you string out the process, your credit score will take more than one hit and it will potentially increase your interest rate. Don't allow a lender to access your credit report until you are absolutely ready to commit. Instead, give your credit score to a lender and ask what your auto or mortgage rate is most likely to be. They'll give you a ballpark interest rate without pulling your credit report. Once you've narrowed down your choices and are ready to buy the house or car, then it's time to have the lender check your credit and confirm your interest rate.

**FREE, one-on-one help with credit scores and credit reports is available through your Employee Assistance Program (EAP).** If you have any questions, contact Mines and Associates, your EAP at 303-832-1068 or 800-873-7138. You are able to meet with a financial counselor for more tips on boosting your credit score or for other financial issues such as paying down debt, or saving for the future.

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For over 25 years MINES & Associates has been a nationally recognized business psychology firm that provides a variety of services to corporate employers including employee assistance programs (EAP), managed mental healthcare, organizational development and psychology services, wellness programs,

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