



## How to Help Maintain a High Credit Score

During the holiday shopping season, your credit score is probably the last thing on your mind. But as you start your seasonal spending, remember to use credit wisely so you can start the new year with a healthy credit score. The following tips can help you maintain or potentially improve your credit score throughout the holidays and beyond.

**Know how your credit score is calculated.** The most common credit score is expressed as a three-digit number ranging from 300 to 850. (Some lenders may calculate it differently, but this should be a good guideline.) The score is derived from a formula using five weighted factors: payment history (35%), amounts owed (30%), length of credit history (15%), new credit (10%), and types of credit in use (10%).<sup>1</sup> Keeping these components in mind can help you stay on track with your credit.

**Make payments on time.** Set up alerts for every credit card you have so you don't miss notifications of charges, statements, or due dates. To help avoid missed payments, set up automatic payments. If you do miss a payment, contact the lender and bring the account up-to-date as soon as possible.

**Keep credit-card balances low.** If you carry a balance, consider paying down the cards with the highest balance-to-credit limit ratio first while keeping up minimum (or higher) payments on others. Don't "max out" your available credit.

**Be careful about opening and closing accounts.** Some retailers may offer discounts on purchases if you sign up for a store credit card, but store cards often have high interest rates and low credit limits. Unless you plan on shopping regularly at that store and the card offers useful bonuses or discounts, avoid applying for new credit cards solely to save money on purchases. Likewise, try not to close multiple accounts within a short period of time — this could actually hurt your credit score.

**Research before using credit boosting services.** You might be tempted to sign up for a free service that promises to instantly boost your credit score, but they're usually only worth considering if you have a thin credit file and/or a low credit score. These services can't fix any late payments you've made or reduce the impact of an excessive level of debt.

**Monitor your credit report regularly.** You can order a free credit report annually\* from each of the three major consumer reporting agencies at [annualcreditreport.com](https://annualcreditreport.com). If you find incorrect information on your credit report, contact the reporting agency in writing, provide copies of any corroborating documents, and ask for an investigation.

*\*Due to the COVID-19 pandemic, Equifax, Experian, and TransUnion are offering free weekly online reports through April 2021.*

1) Fair Isaac Corporation, 2020