

Let's talk credit.

Credit doesn't have to be a mystery. Five factors determine your score. Here's what you should know about them.

Payment History

Do you pay your bills on time?

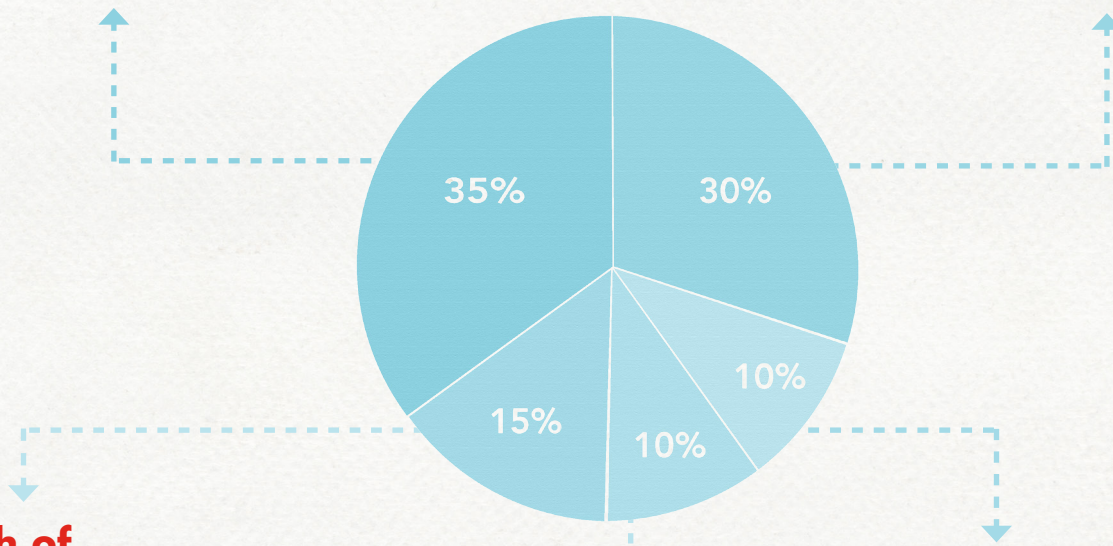
Tip: Always pay the minimum payment due on time. Sign up for automatic payments, which usually involves linking the credit card to a bank account, and schedule payments ahead of time to avoid late payments.

Credit Utilization Ratio

How much of your credit have you used?

$$\text{Total Balance/Total Limit} = \text{Credit Utilization Ratio}$$

Tip: Consider asking for a credit limit increase to lower your utilization ratio (but be careful if you struggle to manage spending on your cards!)



Length of Credit History

How long have you had credit?

Tip: If you already have credit cards, try to keep your oldest accounts open. Consider putting a recurring charge on the credit card to keep it active (but be sure to pay it off on time).

Credit Mix

Do you have different types of credit?

There are two types of credit:

- **Installment:** Has an end date (think loans)
- **Revolving:** Has no end date (think credit cards)

Tip: Don't worry if you don't have any installment accounts today. These will likely come with time as you buy a car, home, or take out loans.

Credit Inquiries

How often is your credit report accessed?

There are two types of inquiries:

- **Hard inquiry:** impacts your score (a lender pulls your credit score)
- **Soft inquiry:** doesn't impact your score (you pull your own credit score)

Tip: Set calendar reminders to pull credit reports from AnnualCreditReport.com once every 4 months to monitor credit throughout the year. Save the report as a PDF when you're done!