

Credit Myths: Discredited

1. Credit Score



What are common aspirations?

These are reasons why you're building a budget. Stay motivated and stick to the budget that works for you.

What's a credit score?

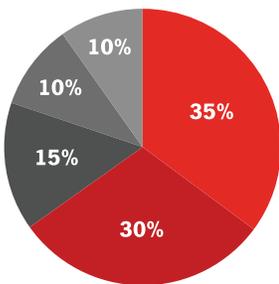
Three simple digits designed to rate how well you manage credit — sort of a risk assessment for doing business with you.

What's the range?

Credit scores range from **300 to 850**.

What's a good score?

Generally, a score over **700** suggests you manage credit pretty well.



What determines your score?

Payment history

Credit utilization ratio

Length of credit history

Credit inquiries

Credit mix

Notes

2. Credit Facts & Myths

Credit Myth #1 Paying on time helps improve your credit score.	True	Credit Fact <ul style="list-style-type: none">• This is the most important thing you can do to improve your credit score.
Credit Myth #2 You need to carry a balance to have a good credit score.	False	Credit Fact <ul style="list-style-type: none">• It's all about your ratio of debt to available credit.
Credit Myth #3 You should always cancel credit cards you don't use.	False	Credit Fact <ul style="list-style-type: none">• Canceling a credit card can actually have a negative impact on your credit history.
Credit Myth #4 Applying for a credit card can hurt your credit score.	True	Credit Fact <ul style="list-style-type: none">• Getting credit card offers in the mail doesn't hurt. Actually applying and creating a "hard hit" on your credit report can hurt your score.
Credit Myth #5 Paying cash for everything will improve your score.	False	Credit Fact <ul style="list-style-type: none">• If you pay cash for everything, it doesn't show the credit rating bureaus that you are able to manage credit responsibly.
Credit Myth #6 Your income has an impact on your credit score.	False	Credit Fact <ul style="list-style-type: none">• Credit bureaus don't consider income in determining credit scores.
Credit Myth #7 You can rebuild a poor credit history.	True	Credit Fact <ul style="list-style-type: none">• It may take time, but the first step is to start using credit again ... wisely.
Credit Myth #8 Your credit can prevent you from getting a job.	True	Credit Fact <ul style="list-style-type: none">• Potential employers may check your credit. If you have bad credit, they may assume you'd be a less-than-responsible employee.
Credit Myth #9 Credit repair companies can erase bad marks on your credit report.	False	Credit Fact <ul style="list-style-type: none">• There's no quick fix for bad credit. Good marks or bad marks take years to fall off your credit report.
Credit Myth #10 Your credit report always includes your credit score.	False	Credit Fact <ul style="list-style-type: none">• Free credit reports don't have credit scores on them. You have to pay extra for that.
Credit Myth #11 All credit reports are the same from each major bureau.	False	Credit Fact <ul style="list-style-type: none">• The same accounts may not be reported to all credit bureaus, so reports may differ. If something is inaccurate, you can contact the credit agency that generated the report to dispute it.
Credit Myth #12 A credit report merges with your spouse when you marry.	False	Credit Fact <ul style="list-style-type: none">• Credit reports don't merge when you get married. (And they don't split if you divorce.) Credit reports are for individuals. If you have joint accounts, those accounts show up on everyone's credit report.

