Understanding Credit Scores

Kingdom Family Ministry | Financial Literacy Resource

WHAT IS A CREDIT SCORE?

A **credit score** is a 3-digit number (300–850) that tells lenders how likely you are to repay borrowed money. Higher score = better chances of approval for loans, apartments, and credit cards — often at lower rates.

Poor	Fair	Good	Very Good	Excellent
300–579	580–669	670–739	740–799	800–850

WHY IT MATTERS

■ **Renting**	Most landlords run a credit check. Low score = denied or larger deposit.
■ **Car Loan**	A 100-point difference can cost or save thousands over the loan term.
■ **Loans**	Better score = lower interest rate and lower monthly payments.
■ **Some Jobs**	Employers in finance/government may check credit during hiring.

WHAT MAKES UP YOUR SCORE?

Factor	Weight	What It Means
Payment History	**35%**	Paying on time is the single biggest factor.
Amounts Owed	**30%**	Keep card balances under 30% of your limit.
Length of History	**15%**	Longer credit history helps. Don't close old accounts.
New Credit	**10%**	Opening many accounts at once lowers your score temporarily.
Credit Mix	**10%**	A variety of credit types (card, loan) can help slightly.

6 WAYS TO IMPROVE YOUR SCORE

- ✔ Pay every bill on time — even minimums count.
- ✔ Keep card balances below 30% of the limit.
- ✔ Get your free report at AnnualCreditReport.com.
- ✔ Don't close old accounts you're not using.
- ✔ Dispute any errors you find on your report.
- ✔ Avoid applying for several new cards at once.

GET YOUR FREE REPORT

You're entitled by law to **one free report per year** from each bureau. Go to **AnnualCreditReport.com** — the only federally authorized free site. Check for errors. Mistakes are common, and disputing them is free.

RESOURCES USED IN THIS GUIDE

Consumer Financial Protection Bureau (CFPB)
consumerfinance.gov — Free guides on disputing errors and your credit rights.

AnnualCreditReport.com
Federally authorized free reports from Equifax, Experian, and TransUnion.

FTC — Credit Repair
consumer.ftc.gov/articles/credit-repair — Your rights and avoiding scams.

MyFICO.com
myfico.com — How FICO scores are calculated and what lenders see.

NFCC (National Foundation for Credit Counseling)
nfcc.org | 1-800-388-2227 — Free/low-cost nonprofit credit counseling.

✥ FAITH & ENCOURAGEMENT

"For I know the plans I have for you, declares the Lord, plans to prosper you and not to harm you, plans to give you hope and a future." — Jeremiah 29:11 (NIV)

Your credit score is not your worth — it is just a number that changes with time and steady steps. God is not surprised by where you are financially, and He is not done with your story. Every on-time payment, every small win, is part of building the future He has for your family.

My Prayer / Reflection

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My Action Step This Week

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