KINGDOM FAMILY MINISTRY

Stronger Families. Stronger Communities.

What Affects Your Credit Score

Financial Goal Planner & Debt Freedom Toolkit

What is a credit score? A credit score is a 3-digit number (300–850) that lenders use to measure how reliably you repay debt.

The higher your score, the better your rates on loans, credit cards, and housing. Your score is built from 5 key factors — all within your control.

Score Ranges:

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

Name: ______________________ **Date:** ______________ **My Current Score:** __________ **Score Category:**

The 5 Factors That Make Up Your Credit Score (FICO® Model)

1. Payment History

35% of score

35%

Whether you pay your bills on time. This is the single most important factor.

- Even one missed payment can drop your score 50–100+ points.
- Late payments stay on your report for up to 7 years.

Action: Set up autopay on all accounts today.

2. Amounts Owed (Credit Utilization)

30% of score

30%

How much of your available credit you are using. Lower is better — aim for under 30%, ideally under 10%.

- Divide your total card balances by total credit limits to get your utilization %.
- Paying down balances — even mid-cycle — can quickly raise your score.

Action: Pay down card balances to below 30% of each card's limit.

3. Length of Credit History

15% of score

15%

How long your accounts have been open. Older accounts help your score — don't close them.

- Includes average age of all accounts, age of oldest, and age of newest.
- Closing old accounts shortens your average history and can hurt your score.

Action: Keep old accounts open, even if you rarely use them.

4. New Credit (Hard Inquiries)

10% of score

10%

How often you apply for new credit. Each hard inquiry can lower your score slightly for up to 12 months.

- Applying for multiple credit cards or loans in a short period raises red flags.
- Rate shopping for a mortgage or auto loan within 14–45 days counts as one inquiry.

Action: Only apply for new credit when truly necessary.

5. Credit Mix

10% of score

10%

The variety of credit types you have — credit cards, auto loans, mortgages, student loans, etc.

- Having both revolving (cards) and installment (loans) credit helps your mix.
- This factor matters less — don't open accounts just to improve mix.

Action: Don't open new accounts just for mix — focus on Factors 1 and 2.

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How to Improve Your Score — Actionable Steps

1. **Pay every bill on time**
   Set up autopay or reminders. Even partial payments are better than missed ones. Payment history is 35% of your score.
2. **Pay down credit card balances**
   Target cards above 30% utilization first. Paying mid-cycle (before statement closes) can lower reported utilization immediately.
3. **Don't close old accounts**
   Closing accounts shortens credit history and raises utilization. Keep old cards open with small, occasional charges.
4. **Dispute errors on your report**
   Get your free report at AnnualCreditReport.com. Errors are more common than you think — disputing them can quickly raise your score.
5. **Become an authorized user**
   If a trusted family member adds you to their account with a long history and low utilization, their positive history can benefit your score.
6. **Use a secured credit card**
   If rebuilding credit, a secured card (backed by a cash deposit) reports to bureaus just like a regular card. Use it small and pay in full monthly.

Common Credit Score Myths — Busted

"Checking my score will lower it."
FALSE. Checking your own score is a soft inquiry and has zero impact. Only hard inquiries (from lenders) affect your score.

"I need to carry a balance to build credit."
FALSE. Paying your card in full every month builds credit just as effectively — and saves you interest. Never carry a balance just for score purposes.

"Closing a card I don't use will help my score."
FALSE. Closing a card reduces available credit (raising utilization) and can shorten credit history. Keep it open with a small recurring charge.

"More income means a higher credit score."
FALSE. Income is not a factor in your credit score at all. Your score is based entirely on credit behavior — not earnings.

Monitoring Your Credit — What to Do Every Year

- **Get your free credit reports:** Visit AnnualCreditReport.com — federally mandated, free reports from Equifax, Experian, and TransUnion. No credit card required.
- **Check for errors or fraud:** Look for accounts you don't recognize, incorrect balances, or wrong personal info. Dispute errors directly with the credit bureau.
- **Track your score over time:** Use free tools like Credit Karma, Experian free tier, or your bank/card app. These use soft pulls and won't affect your score.
- **Set up fraud alerts if needed:** If you suspect identity theft, place a free fraud alert with one bureau — they notify the others. Consider a credit freeze for stronger protection.

My Credit Score Improvement Plan

My current score: ____________________ **Target score:** ____________________ **Target date:** ____________________ **My #1 action this month:** ____________________

Steps I will take (Factor 1 — on-time payments, Factor 2 — reduce utilization, etc.): ____________________

"A good name is more desirable than great riches; to be esteemed is better than silver or gold."

— Proverbs 22:1 | Your credit score is your financial reputation. Build it with integrity.

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