

MANAGING YOUR MONEY

Your Credit Score

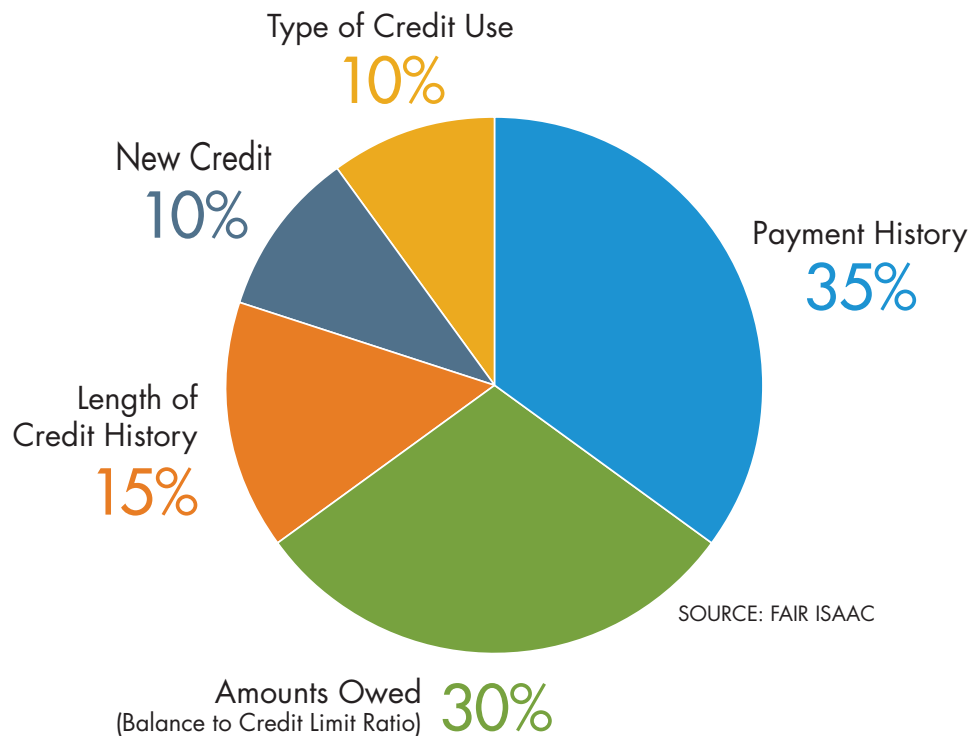
What Is It?

Think of your credit score like a GPA; it is a number calculated on your past habits and activities. A FICO score, which is the most commonly used score, ranges from 300 to 850 and is used as a measure of your credit-worthiness.



How Is It Determined?

Your credit score is based on your past use of credit, such as through loans (auto loans, student loans, mortgages) and credit cards and is calculated based on the following:

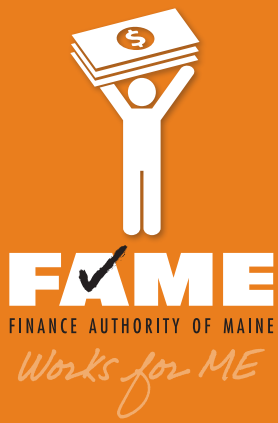


How Is It Used & Why Does It Matter?

Given that your credit score is a measure of your credit habits and history, the score is most often used when you are applying for loans and other types of credits. When requesting a loan for a car or home, or a credit card, your credit score is used to determine approval and, usually, interest rates.



FAME
FINANCE AUTHORITY OF MAINE
Works for ME



However, your credit score may also be used by your car insurance company to determine your rates, a rental agency to see if you're someone who has a habit of paying bills on time, or even by potential employers, so maintaining a good credit score is important.

BUILDING & REPAIRING CREDIT

Good habits are the key to building and maintaining your credit. Here are five tips for credit success:

1. Pay your bills on time, every time
2. Don't get too close to your credit limit
3. Pay credit cards in full each month
4. Avoid payday loans and other fast cash options
5. Fix errors on your credit report and reduce your outstanding debt as much as possible; the Consumer Financial Protection Bureau can help.

Credit Reports

If your credit score is your GPA, your credit report is your report card. Your credit report is a detailed history of your loans and credit accounts, including anything that has been reported to one of the three major credit agencies (Experian, Equifax, and TransUnion) such as medical bills that went to collections or certain utilities. It also includes a record of your credit applications and inquiries. You are eligible to request one free Annual Credit report from each of the three agencies per year. It's important to review at least once per year to make sure everything is accurate and there isn't any indication that someone is applying for credit in your name.

Hard vs. Soft Credit Checks

A credit check is considered "hard" when an individual is applying for additional credit, such as loans and credit cards. Those specialty cards they ask you about at the checkout line? That's a hard credit check and those do have a temporary impact on a score.

A "soft" credit check means that credit information is being reviewed, but additional credit is not being requested. This type of credit check does not impact your score.

Additional Credit Education & Resources

iGrad; a robust financial education platform: <https://fame.igrad.com/>

Cash Course; through the National Endowment for Financial Education: <https://www.cashcourse.org/>

PO Box 949
5 Community Drive
Augusta, ME 04332

1-800-228-3734
TTY: 207-626-2717

FAMEmaine.com