



Connecting Your Credit Score to Your Financial Goals

Credit scores are a big deal. Many lenders use them to assess your creditworthiness when determining your terms and their confidence level of getting their money paid back. A credit score around 700 or more can make offers, rates, and better financing options more available.

Whether you want to buy a car, get a mortgage, or purchase another valuable asset, establishing a good credit score makes it achievable. If you're curious where your number stands, credit scores are available from three major credit bureaus – TransUnion, Equifax, and Experian.

We'll help you with insider info that elevates your credit score to help reach your ultimate financial goals.

How are credit scores calculated?

Payment history is a key factor that determines 35% of a credit score. The amount of debt carried makes up another 30%. The remaining score is determined by length of credit history (15%), [credit mix](#) (10%), and hard credit inquiries (10%). Regardless of what your credit score is currently, a consistent payments history, keeping your debt low, and avoiding too many credit requests will gradually improve credit scores over time. The more effort you invest to boost your credit score, the better your approval opportunities will get.

Plan ahead for your first home and future loans

A strong credit score is one way to help your future self qualify for a mortgage, car loan or other financing. Lenders also will consider your current income, historical income, debt obligations, and other factors when determining things like the loan amount, interest rate and other financing options.

Some mortgage experts say it's a mistake to apply for a mortgage with an average credit score. So before applying, consider your employment length and hold off making any large new purchases. Also, taking steps to improve your credit score and reduce your debt can help the chance of future approval and reasonable terms. Today is the perfect day to start.

What landlords look for in renters

Apartment owners typically seek tenants with a minimum credit score of 620. A credit score in the low 600s is considered to be "Fair" based on the VantageScore and FICO rating scales. However, there's no guarantee a 620 credit score will open the door to a new apartment lease. Property managers and landlords looking for a higher score may even ask you for a cosigner or require a higher security deposit. Our advice is to [start building your credit early in life](#) and always make on-time payments to keep it strong.

Getting a new credit card

You're more likely to get approved for a credit card if you have a Good or Exceptional credit score, carry a low balance, and don't have too many other lines of credit. Expect your first credit card to start with a comparably low limit and a higher interest rate. As your credit improves, so will your chances at better terms and more approvals. Be sure to pay off your balance each month as a way to grow your credit score. Falling behind can cause your score to go in the wrong direction. Being responsible will pay off in the long run.

You've got a bright future. Make the most of it.

You should now feel even more prepared to start making your financial goals a reality. Taking small, positive steps forward will lead to where you want to be. Remember to grow your credit score and be responsible with your payments. Years from now, you'll be very glad you did.

