

Managing your credit score

Here are some things to be aware of that may have nothing to do with how well you manage your finances. People who are very conscientious with their money are sometimes surprised to discover their credit is not as good as they might have imagined. And folks who assume their number got to be really low based on their high debt load may have higher expectations of their credit scores. Some of the things which we'll reduce your credit score are: the history of payment, many cards, and many credits inquires.

The history of payment...well, some people think it's smart to avoid credit card and other debt entirely, preferring to pay for things as they go with checks or cash in order to avoid living beyond their means. This is prudent in terms of keeping within one's limits, but as far as your credit score goes, it leaves a black hole on your record that can be just as lethal as having too many cards or getting in over your head with debt. The problem is that without a paper trail, no one really knows how good or bad is a risk. Just having a card, creates that paper trail for you. It also shows that you can handle credit -- and that's ultimately what it's all about. This is especially important for young people which just entering the work force. How well you keep up with your current obligations, any record of late/missed payments, etc. will negatively affect your score even if it happened several years in the past and you've had no incidents since that time (credit records typically go back seven years).

Even if you never carry a balance, or always make your minimum monthly payment, having too many credit cards can hurt your credit score as badly as having some or no credit cards at all. The assumption is that with access to all those potential lines of credit, you might overspend yourself into the poverty without realizing it until it's too late. It's easy to fall into the trap of having too many cards given the weekly deluge of offers most of us get in the mail each week but to keep your credit score healthy, avoid having more than four credit cards.

If you're thinking about a car, a house or other loan, avoid applying for new store cards, a home equity line or other forms of credit during the weeks/months prior to applying for your loan. Each time an inquiry is made into your credit history during the application process, it is reported and that can negatively affect your overall credit score. The assumption is that you're too extended, or in danger of becoming overextended.

Everything from your monthly mortgage payment to extraordinary credit card balances. If the proportion of your debt relative to your income is too high, your score will be lower. The more established you are, the better your credit score will generally be.

Finally, everyone should periodically check their credit report for accuracy and immediately contest any erroneous information that may have found its way onto your record.

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About the Author

Mary L. is the owner of <http://www.thegoodcredit.com> where you can find useful information about [credit repair](#) as well as the most common issues regarding this matter.