

How to Raise Your Credit Score



LESSON 1

WHAT
DIFFERENCE DOES
HAVING A GOOD
CREDIT SCORE
MAKE?



Learn: What difference does having a good credit score make?

There's a lot of confusing information out there about how to raise your credit score, and tons of misconceptions people have about credit cards. We're here to set the record straight for you.

In this course, broken up into six lessons, we're going to start with the basics: How credit actually impacts your life, and what the difference is between a credit score and a credit report. Then we'll dive into the fastest way to improve your credit in Lesson 3. The remaining lessons focus on credit card management and other tricks and habits that will keep your credit score going up.

Let's get started with a couple of important definitions. You've probably heard of credit scores and credit reports. You might even use them interchangeably. Both help you get a better picture of your financial situation, but they are completely different things.

Think of it like this: your credit report is like a breakdown of the answers you got right or wrong on an exam. Your credit score is your actual grade.

Credit scores are 3 digit numbers, usually between 300 and 850, that tell lenders how likely you are to actually pay them back on time. The higher the number, the better your options when applying for loans and credit cards.



If you haven't pulled your credit score already, you're probably starting to feel the urge to find out what it is, right about now. Don't worry, we're going to get to that at the end of Lesson 2. But if you REALLY want to know and you don't want to wait, we've got a worksheet for that on page 17. Go ahead and get it out of your system, and come back to this lesson.

Exercise: 5 Goals that Credit Can Boost or Bust

Credit is an instrument in your toolbox that helps you accomplish your goals. Knowing your goals will help motivate you to improve your credit now, so you can reap the benefits later.

Your task: Which of these goals (all impacted by your credit score) are on your personal roadmap? In other words, which of these would you like to be ABLE to do, without bad credit getting in your way?

1

Renting a home or apartment

Landlords and property management companies look at your credit score to decide whether or not to rent to you. Having a low credit score could mean getting rejected, needing to ask a family member with better credit to co-sign with you, or paying a much higher deposit.

- Now
- Within the next 5 years
- 5-10 years from now
- Not my goal

2

Buying a house

Mortgage lenders will take a strong interest in your credit score. If yours is low, you might not get approved for as large of a loan as you want, so you won't be able to put in an offer on the home you hoped for. If you do get approved for a loan, you will have to pay a higher interest rate than someone with good credit.

- Now
- Within the next 5 years
- 5-10 years from now
- Not my goal