

Taking Care of Your Credit

By Laura Roler, Military Saves Associate, AFC® Candidate, FINRA Military Spouse Fellow

Good or bad credit isn't something that just happens to you - your actions have a direct effect on the status of your credit. Your credit score is a reflection of how you treat your finances - when you neglect or mistreat them, your score will suffer and those mistakes will show in your credit report. Nurture and build your finances and you will find your credit getting better and better. It is recommended to check your credit score and credit report at least once a year to monitor the status of your credit. Find out how Military Saves can help!

Set up an annual plan to take care of your credit:

- **Take the [Military Saves Pledge](#) today.** Choose a [savings goal](#), then find ways to achieve it!
- **Check your credit score free-of-charge.** Once you take the [Military Saves Pledge](#), service members and military spouses can obtain a FREE myFICO credit score and analysis tool from [FINRA Investor Education Foundation](#) and [SaveAndInvest.org](#).
- **Check your credit report at least once a year.** Federal law requires each of the three credit reporting agencies - Equifax, Experian, and TransUnion - provide you a free credit report every 12 months if you request it. Go to [AnnualCreditReport.com](#) to order one or all three of your free credit reports. [Beware of imposter websites](#); [AnnualCreditReport.com](#) is the only authorized website legally mandated to provide the free annual credit report entitled to you by the [Fair Credit Reporting Act \(FCRA\)](#).
- **Do you have some work to do?** Once you have your credit score and report, what do they tell you? Most people have room in their credit scores and history for improvement; here are some tips that could help you:
 - To improve your credit score:
 - [Pay your bills on time](#). Payment history accounts for 35% of your credit score.
 - Lower your balances to 30% or less of your credit limit. Credit utilization accounts for 30% of your credit score.
 - Wait it out. A longer credit history is more beneficial, and accounts for 15% of your credit score.
 - Don't apply for more! The more credit you try to acquire at once, the more of a risk you will seem to lenders. New credit accounts for 10% of your credit score.
 - Keep your credit accounts diversified. A mix of revolving credit and installment loans is best, and accounts for 10% of your credit score. However, if you are looking to boost your score, remember the point above.
 - To improve your credit report:
 - [Correct any errors](#) in your report by disputing them or providing missing or correct information.
 - Address any unexpected debts or collections on your credit report. Contact each creditor, verify that the debt is yours, and attempt to resolve it as soon as possible.
 - Wait it out. Even the most negative credit information has a statute of limitations on how long it can stay on your report, though generally you can expect it to stay there for at least seven years.
- **Recheck your credit score in four months.** One of several benefits of taking the Military Saves Pledge is the opportunity to get your free myFICO score - but did you know that by taking the Pledge, you will have the opportunity to check it TWICE for free? After working toward your savings goal, make sure to recheck your score in four months, courtesy of [FINRA Investor Education Foundation](#), to see how your efforts have paid off!

- **Set a new savings goal, or recommit to your old one.** That's right, you can take the [Military Saves Pledge](#) again, and continue to use its [benefits](#), including the free myFICO score, every year. By incorporating the Pledge into an annual credit care plan, you can keep your finances current, your goals in sight, and your credit in check!

Military Saves, managed by the nonprofit Consumer Federation of America (CFA), seeks to motivate, encourage, and support service members and military families to save money, reduce debt, and build wealth. Learn more at militarysaves.org.