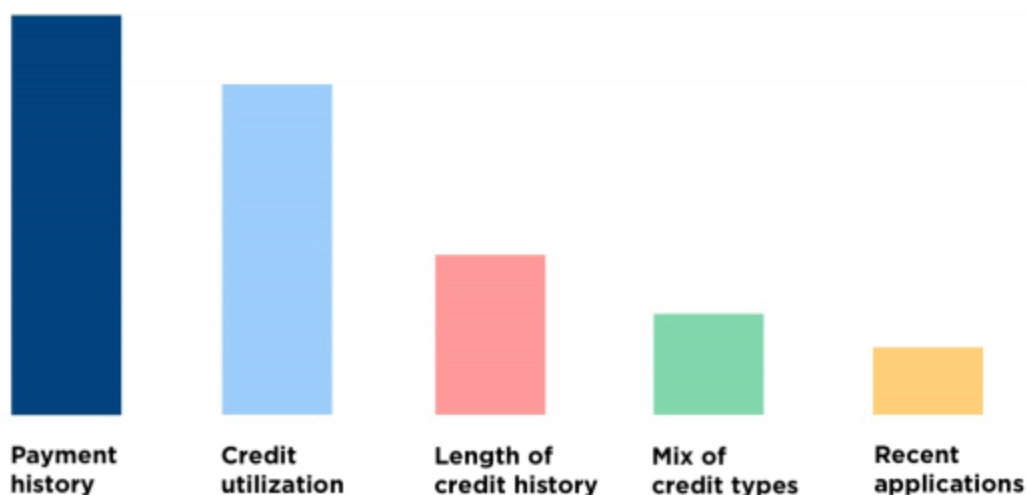


## What Comprises Your Credit Score

The two major scoring companies in the U.S., [FICO](#) and [VantageScore](#), differ a bit in their approaches, but they agree on the two factors that are most important. Payment history and [credit utilization](#), the portion of your credit limits that you actually use, make up more than half of your credit scores. Focus your attention mostly on those two while keeping an eye on the other factors.

Here's a breakdown of all the factors that affect your scores:



### Payment history

Your credit reports reveal your [payment history](#), or whether you've consistently paid bills and other obligations on time. FICO says payment history accounts for 35% of your score. [VantageScore](#) says payment history counts for 40% of its 3.0 scoring model.

**What to do:** Pay all bills on time. [Paying bills late](#) by 30 days or more can dent your scores — and the later you pay, the greater the damage. Set up autopay or calendar reminders so you don't miss due dates. You might also want to ask creditors to move your due dates so they better align with when you get paid.

### Credit utilization

The [amount of your credit limit you use](#), expressed as a percentage, is called credit utilization. FICO says the amount of available credit you use counts for 30% of your score, while [VantageScore 3.0](#) puts credit utilization at 20%.

**What to do:** Experts recommend using [no more than 30%](#) of your available credit. People with the highest scores tend to use much less than that. To keep your credit utilization low, you can try things like setting balance alerts or making extra payments during the month.

The good news is that score damage from having high credit utilization can be reversed. Once you pay a high balance down and the creditor reports it to the credit bureaus, the damage disappears.

Once you've mastered paying on time and keeping credit utilization low, turn your attention to other credit factors. These also affect your scores, though not nearly as much:

**The length of time you've had credit:** Longer is better, so keep old accounts open unless there is a compelling reason to close them, such as an annual fee on a card you no longer use. You might be able to help yourself a little in this category by becoming an authorized user on an old account with an excellent payment record.

**The kinds of credit you have, or credit mix:** It's best to have a mix of [installment accounts](#) — those with a set number of equal payments, such as car payments or mortgages — and [credit card accounts](#).

**The length of time since you've applied for new credit:** Each application that causes a hard inquiry on your credit may take a few points off your score.

**Total balances and debt:** It's best if you're making progress in [paying off your debt](#).