Breakdown of a
CREDIT SCORE

BROUGHT TO YOU BY

TURTLEFORD Credit Union

- IT'S A -
MONEY THING®

Before

CREDIT SCORES

- No standard for measuring risk
- Up to individual lenders to judge loan applicants

What is a

CREDIT SCORE?

A credit score is a number used by financial institutions and credit card companies **to determine risk level** when issuing you a loan or a credit card.

The FICO® Score is the most widely used credit score model in North America.

It was introduced in 1989 by Fair, Isaac and Company, now Fair Isaac Corporation.

It's also known as the Beacon score in Canada.

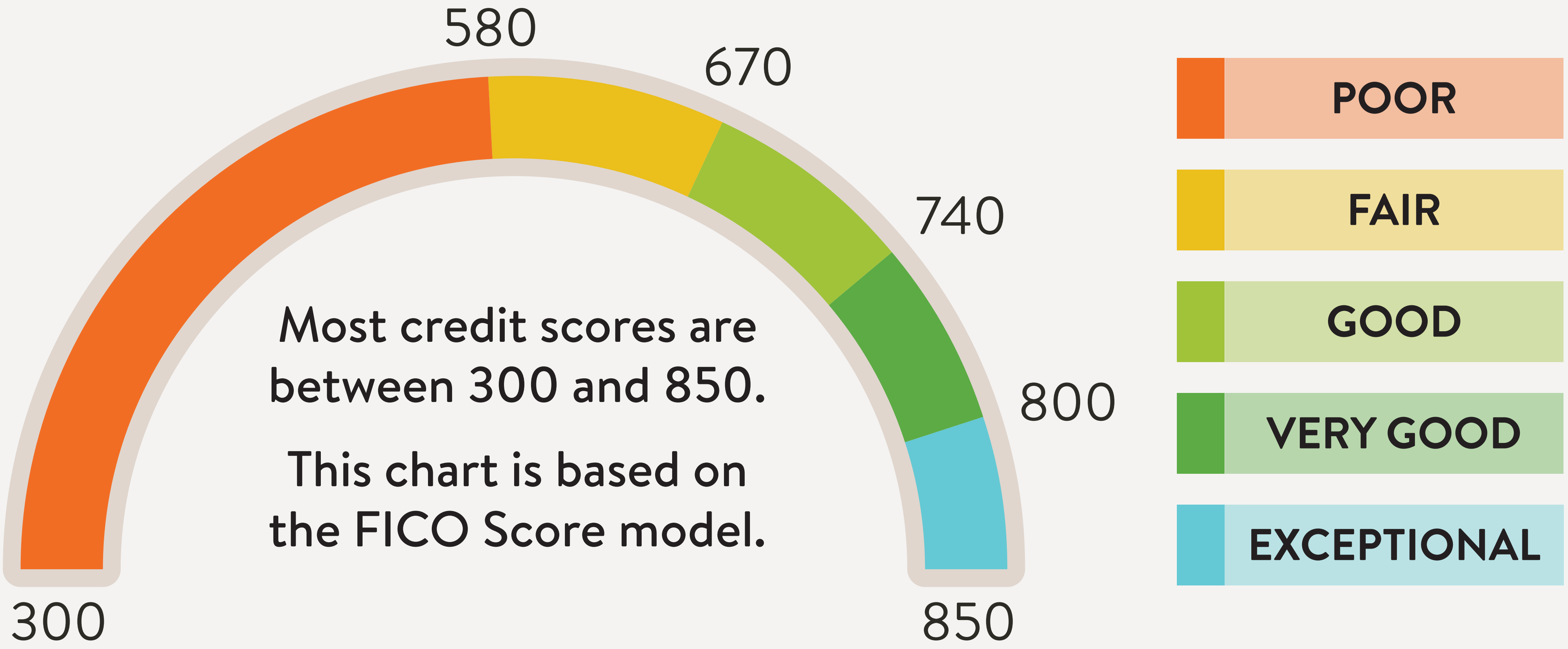
Fair Isaac Corporation

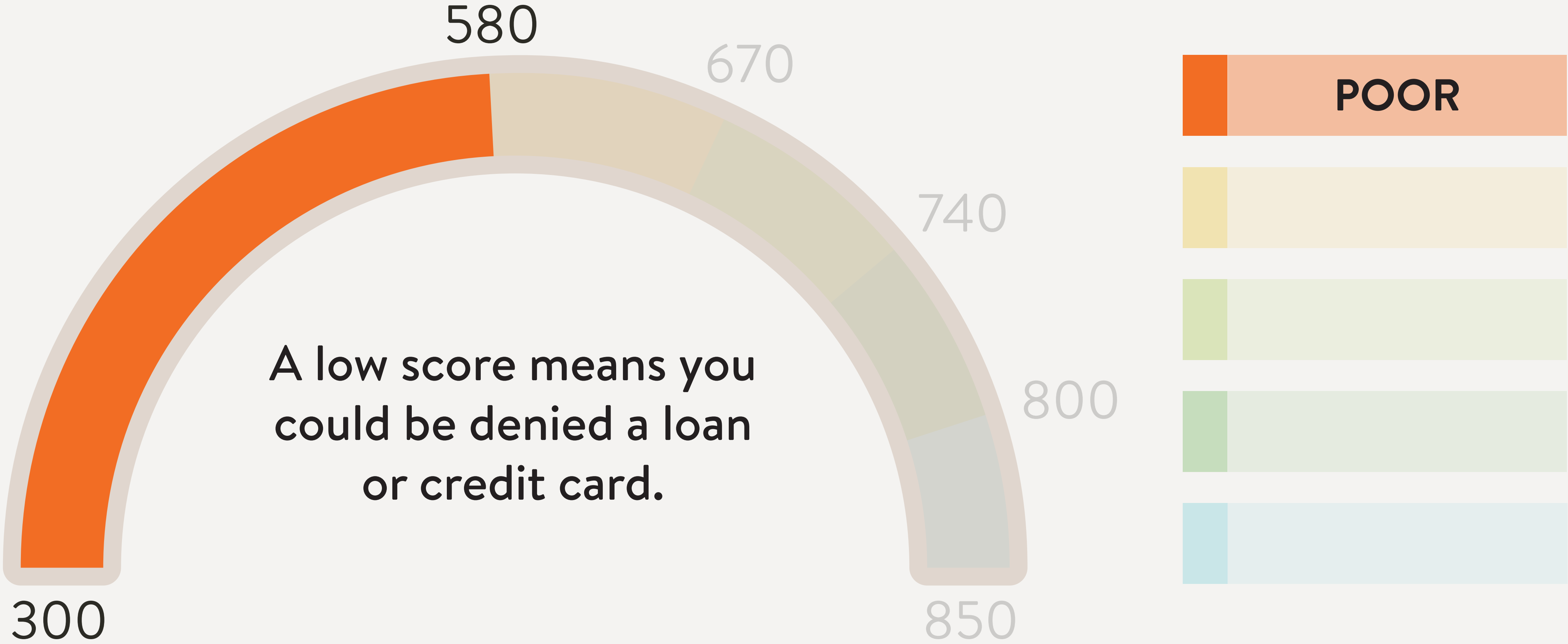
↓

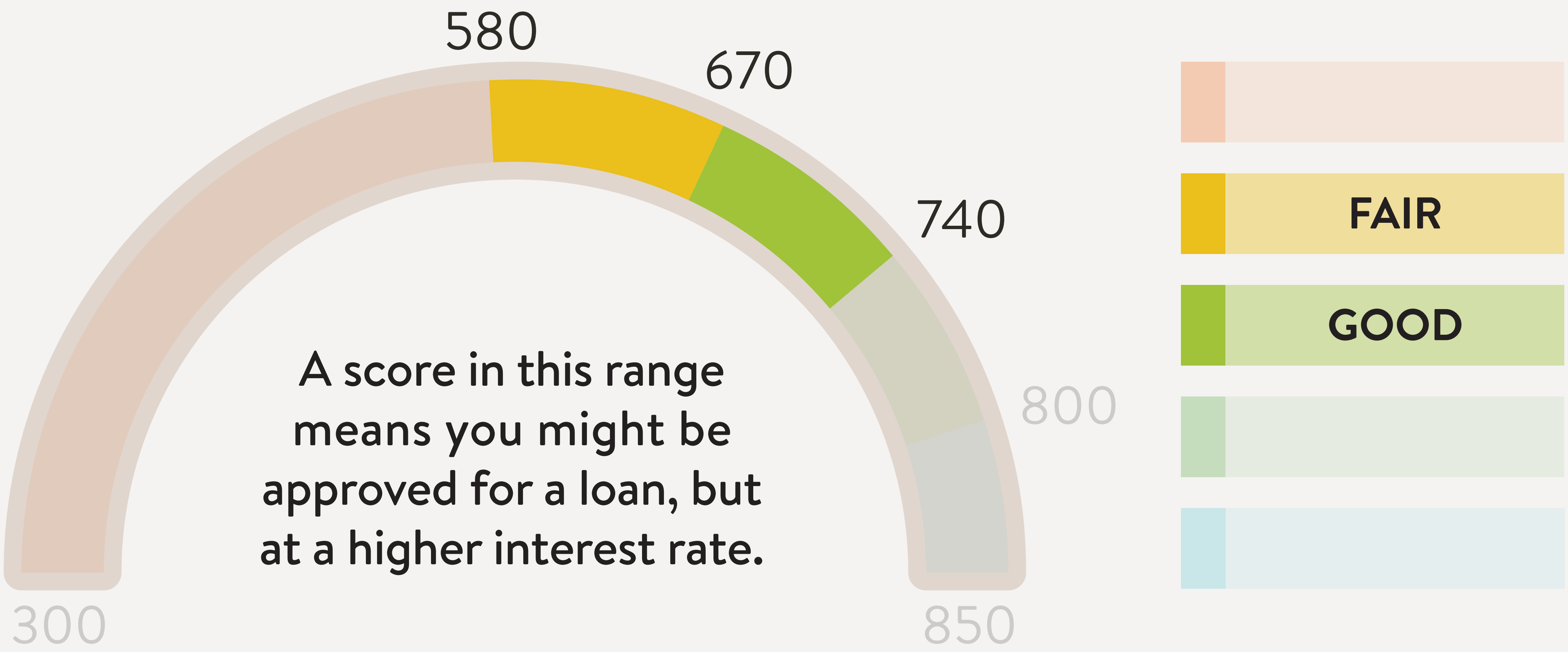
FICO

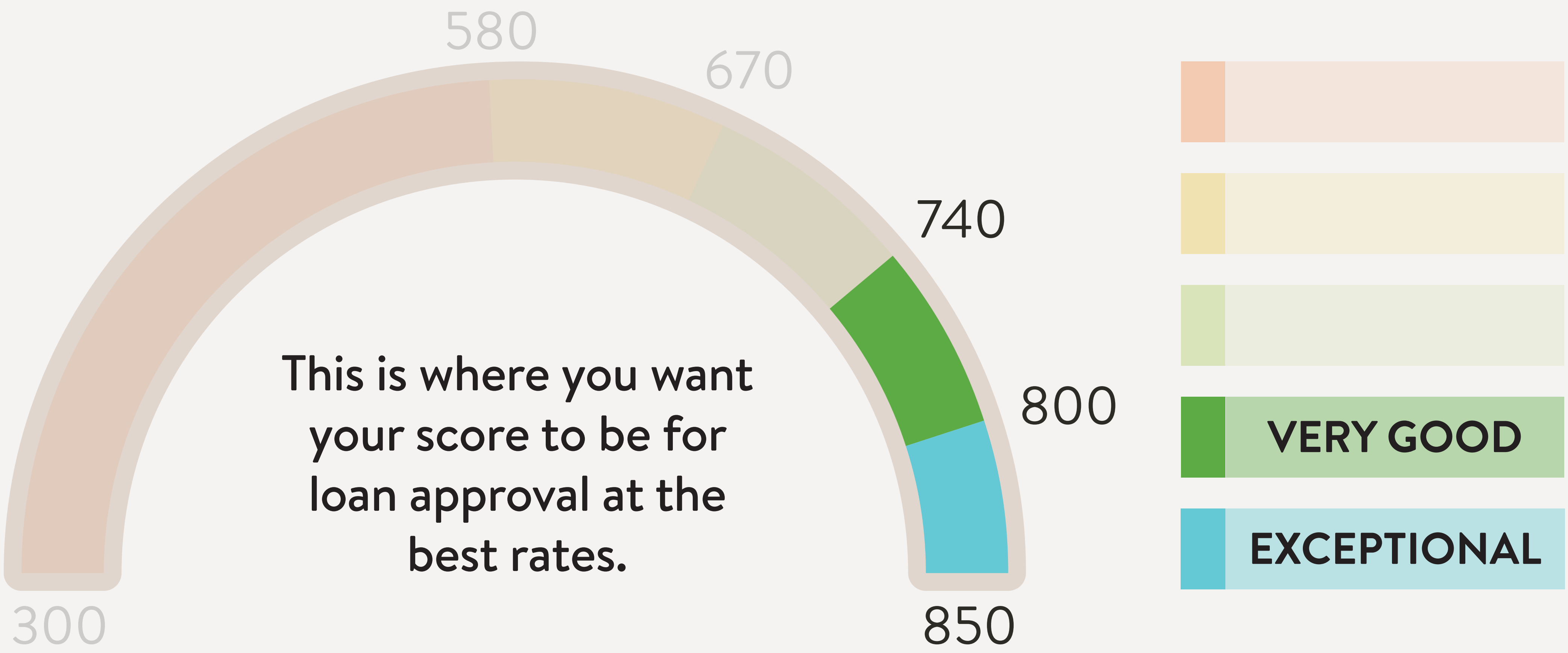
Since each credit bureau uses its own formula, **your FICO Score can vary,** depending on which bureau supplies the information.

What does my score
MEAN?


580
670
740
800
300
850
Most credit scores are between 300 and 850.
This chart is based on the FICO Score model.
POOR
FAIR
GOOD
VERY GOOD
EXCEPTIONAL


580
670
740
800
300
850
A low score means you could be denied a loan or credit card.
POOR


580
670
740
800
300
850
A score in this range means you might be approved for a loan, but at a higher interest rate.
FAIR
GOOD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This is where you want your score to be for loan approval at the best rates.
VERY GOOD
EXCEPTIONAL

Why does my score
MATTER?

Credit scores can influence:

Renting an Apartment

Student Loans

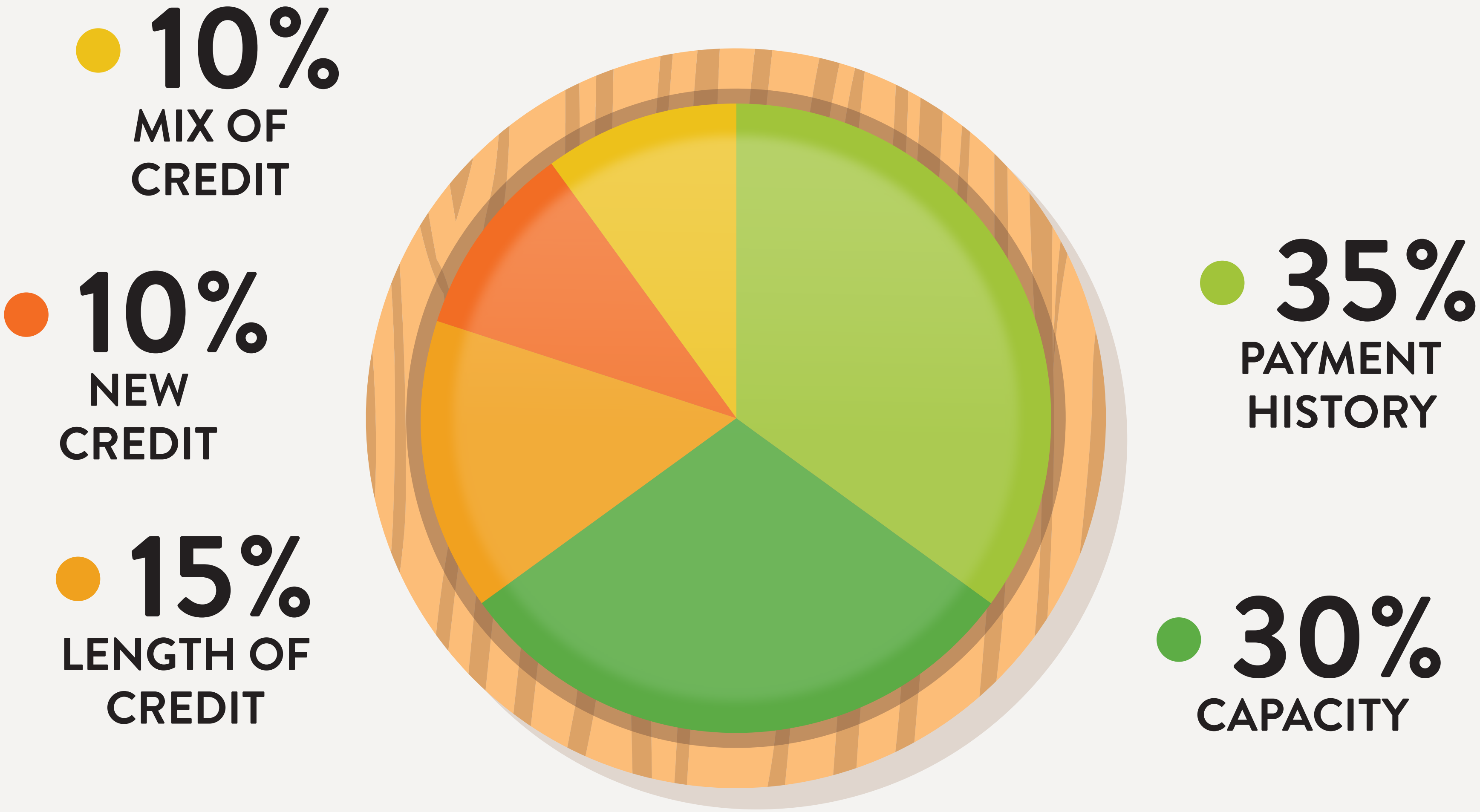
Car Payments

Job Applications

How are credit scores

CALCULATED?

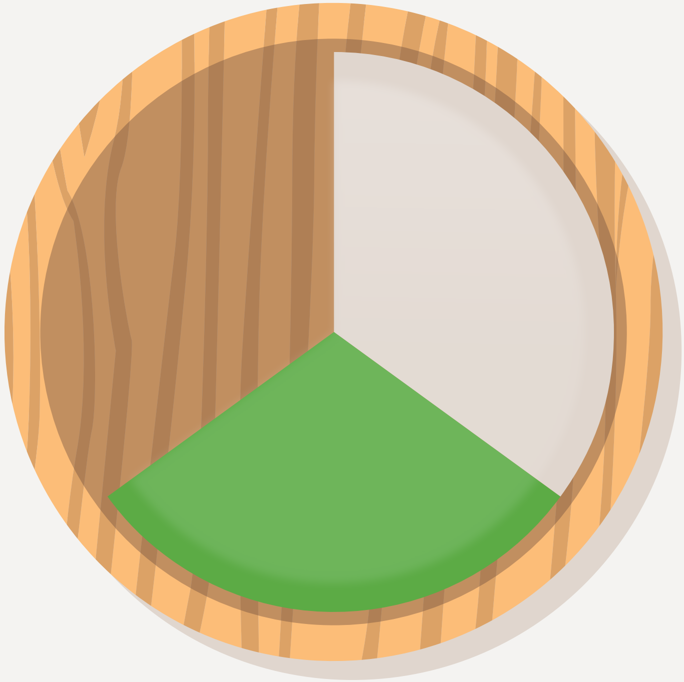
The breakdown of a credit score goes like this:



PAYMENT HISTORY (35%)

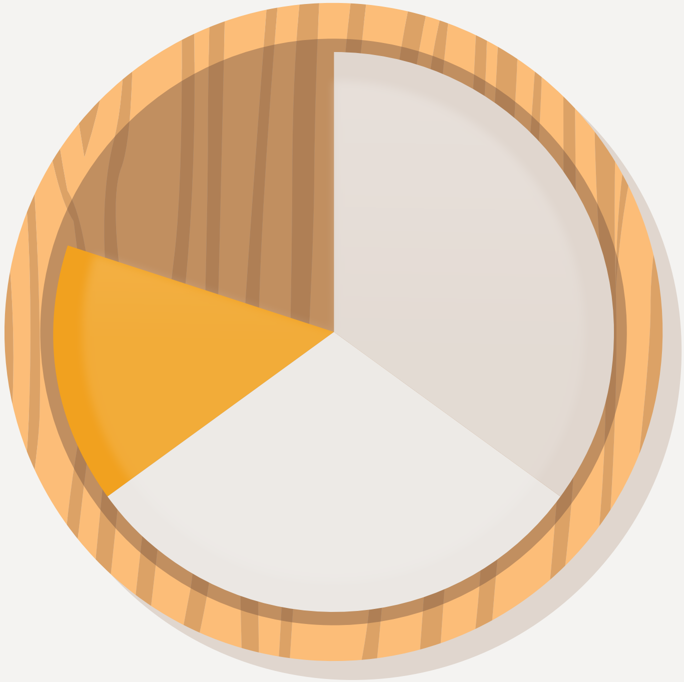
Making payments on time boosts your score

CAPACITY (30%)



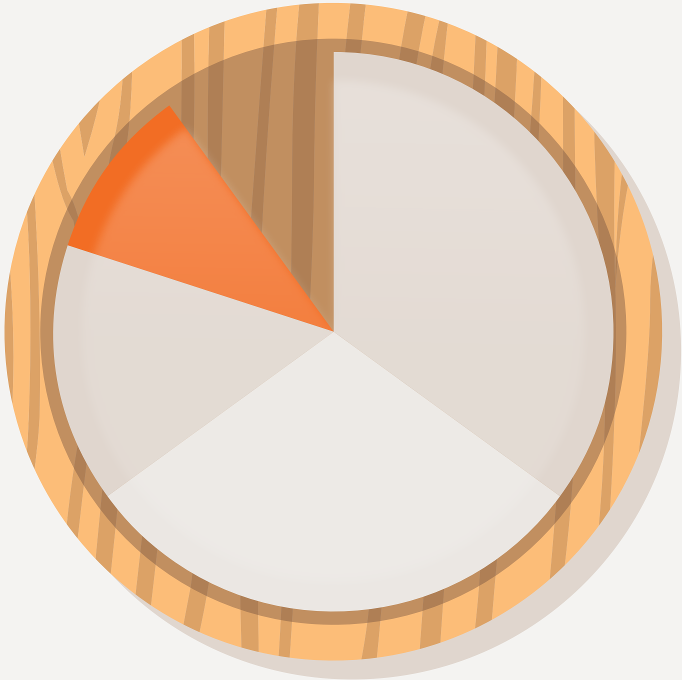
- How much of your available credit you actually use
- The less you use, the better
- Maxing out your lines of credit harms your score

LENGTH OF CREDIT (15%)



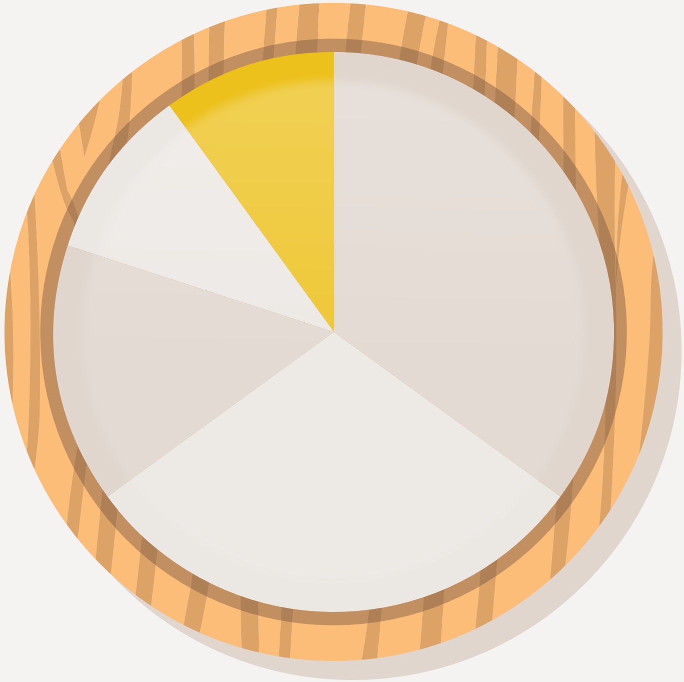
A long history of good credit habits raises your score

NEW CREDIT (10%)



- Opening a bunch of new credit lines in a short amount of time hurts your score
- This includes retail credit cards

MIX OF CREDIT (10%)



- Revolving credit
  (e.g., credit cards)
- Instalment loans
  (e.g., mortgages, car loans)

How do I keep track of

MY SCORE?

Access your Equifax consumer credit report and credit score at no charge. Both your report and score are updated once per month. → ***equifax.ca***

Accessing your TransUnion credit report with your credit score does cost money and is available as part of Transunion's subscription-based real-time monitoring service.
→ ***transunion.ca***

Set seasonal calendar reminders so you can remember to check on your credit throughout the year.

Things to look for on your credit report that influence your credit score:

- **Account openings**
- **Account closings**
- **Repayment history**
- **Mix of credit**

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Sources: FICO, Forbes, Financial Consumer Agency of Canada

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