

Q&A: Credit Scores

Q. How is my credit score calculated?

A. The most common type of credit score, the FICO score, can range between 300 and 850. Your score is determined largely by your ability to pay your bills on time. It also takes into account the amount of money you owe, the length of your credit history, the types of credit you use and whether you've taken out new credit recently. The higher your score, the more likely you are to be approved for the best rates offered by lenders.

Q. Does closing old accounts help my score?

A. Not necessarily. If you think you hold too many accounts and want to close one, you might consider closing your most recently opened account and transferring your balance to the oldest one. With your older accounts, you've had a chance to build a longer credit history. In general, the more unused credit you have, the better.

Q. Will requesting a credit report hurt my score?

A. Credit bureaus will not penalize you for checking your own score, nor do they deduct points for inquiries from landlords or employers who may check your score with your permission. In fact, it's a good idea to check your score with all three bureaus, especially if you plan to apply for a loan. This gives you the opportunity to correct any errors in your file.

>>To obtain your credit report and score, visit the credit bureaus online at experian.com, transunion.com and equifax.com.