

Understanding and Improving Your Credit

Your credit score impacts your ability to borrow money to buy a house, obtain credit cards, get a job, buy cell phone service or utilities, and even to obtain car and home insurance. More than ever, it's critical that you review, understand, and know how to preserve your credit history.

The basics:

- There are three major US credit repository agencies: Equifax (888.766.0008), TransUnion (800.680.7289), and Experian (888.397.3742).
- Each uses a scoring model to reflect your creditworthiness as a number that ranges from 300 to 850. The higher the number, the better.
- The average US score is 677; the median is 700.
- A credit report is a snapshot of your credit history and current credit status. Reports pulled even minutes apart can reflect different scores.
- As of December 1, 2004, Californians can obtain a free copy of their report.
- Negative marks can remain on your credit report for up to 10 years.
- Watch out for credit repair companies. If you use one, make sure it is reputable. Ask us for a referral.
- The Jessica Lanning team has the ability to correct mistakes and improve credit scores, even more than 100 points, in less than a month.

The best way to preserve your credit:

- Pay your bills on time, every time, without fail.
- Maintain at least four open accounts (student loans, mortgages, credit cards, etc.).
- Keep your balances on revolving credit to less than 40 percent of the credit limit.
- Don't open new accounts. If you must, installment accounts (e.g., car loans) are better than revolving accounts (credit cards, credit lines, etc.).
- Review your credit at least once a year.
- Correct any and all mistakes.
- Don't allow multiple creditors to make credit inquiries.

The best way to correct your credit:

- Be persistent and patient. The process can take three to six months. You can also hire a professional to help you.
- Contact the *creditor* that is reporting a negative mark on your credit. Contacting the agencies is generally not going to result in permanent change.
- Request that the creditor make the change or correction.
- Get confirmation *in writing* that the proper steps have been taken to (1) change it in the creditor's database and (2) report the change to *all three* credit agencies.
- Take good notes and save all paperwork until you've reviewed your credit for several years and have not seen that negative mark return.

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