



Credit Tips

- 1. Know your score.** The score range in Canada is 400 to 900 - the higher the better - and reflects a person's credit history over the past six years. A score of 680 or higher is considered to be "A" credit.
- 2. 35% of your score is made up of your repayment history. Pay your bills on time.** Making a credit card payment even one day late can hurt your score. If you're paying online, send the payment at least three banking days before it's due to allow enough time for the transaction to be processed or set up automatic payments and never be late.
- 3. 30% of your score is based on your balances versus your limits. Never exceed your credit limit.** If you're close to being maxed out, make sure you pay more than the minimum or the interest due could push you over your limit.
- 4. 15% of your score is based on your ability to manage different credit accounts. Spread out your spending.** The percentage of available credit you're using each month affects your score, so it's better to have two charge cards at 50-per-cent capacity each than one that is maxed out.
- 5. 10% of your score is based on the average age of your account. Beware of closing accounts.** Even if you're in a dispute with a lender, make your payments. A missed payment will show up on your credit report, can hurt your score and is very hard to fix. When closing an account, get it in writing that it was closed with a zero balance.
- 6. 10% of your score is based on the amount of inquiries on your credit. Don't apply for too much credit at once.** Don't lease a car, sign up for a new cell phone and apply for a loan all in the same month or two. Applying for a number of different types of credit gives the perception that you are a credit seeker. Try to keep your inquiries under 6 per year. The exception to this is if you are shopping for a truck etc. if you "hit" your bureau several times within a 24 hour period it will count as one hit.
- 7. Don't close unused credit cards.** If you have a low-interest card you don't use, keep it open and use it periodically. Having a zero-balance credit card actually helps to improve a low score.



How To Improve your Credit

1. Payment history is the most important factor to increase your credit score.
 - Always make payments on time
 - Make the minimum payment if you can't pay the full amount
 - Contact the lender right away if you think you'll have trouble paying a bill
 - Don't skip a bill payment even if a bill is in dispute

2. Use credit wisely
 - Don't go over your credit limit
 - Try to use less than 35% of the available credit you have

3. Increase length of credit history
 - The longer you have a credit account open and in use the better it is for your score.

4. Limit the number of credit applications or credit checks. Hard credit inquiries affect your overall score.

5. Use different types of credit
 - Credit cards, car loans, line of credit

6. Pay off your debt as quickly as possible

7. Set up a plan to manage your debt
 - You have several options for managing your debt, including contacting your creditors, consolidating debt at a lower overall rate, creating a budget or debt repayment plan, working with a debt counselor, or refinancing your existing mortgage.

***Remember:** Your credit score can drop much faster than it can rise. Since both Equifax and TransUnion use automated scoring systems, understanding the facts puts you in control of maintaining a strong credit score. It's recommended that you check your credit report annually to ensure there is no fraudulent activity under your name. You can easily access your report by visiting www.equifax.ca or www.transunion.ca.