Improving Your Credit Score *Just Got Easier!*

- How Credit Scores are Calculated
- Why Your Credit Score Matters
- 2 Simple Tools to Boost Your Score

Pinellas FEDERAL CREDIT UNION

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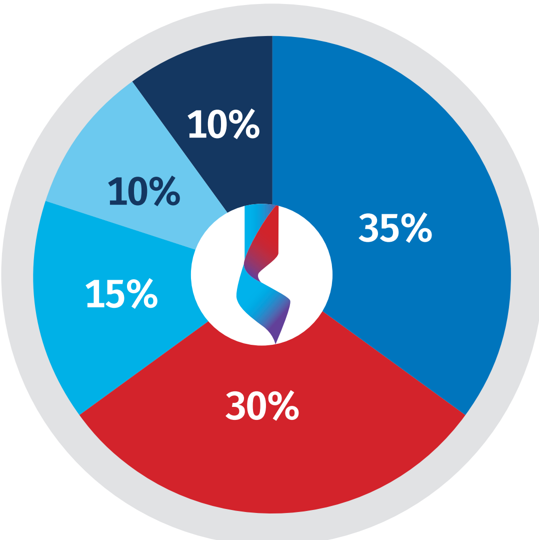
What is a Credit Score?

Your credit score is a metric used by lenders to indicate your creditworthiness. This three-digit number reflects the likelihood that you will repay your financial obligations responsibly.

Credit scores typically range between **300 and 850.**

How Your Credit Score is Calculated:



- **Payment History (35%):** Whether you pay your accounts consistently and on time.
- **Credit Utilization (30%):** The amount you owe compared to your total credit limit.
- **Length of Credit History (15%):** The length of time you've been a credit user.
- **Credit Mix (10%):** The types of credit accounts you have (e.g., credit cards, auto loans, mortgages).
- **New Credit (10%):** If you've recently opened any new credit accounts.

Why Your Credit Score Matters:

Your credit score is one of the most important numbers of your adult life. Think of it as a key that unlocks the door to better financial opportunities.

Perks of a Good Credit Score:

- Easier Loan Approvals
- Lower Loan Rates
- Reduced Interest Payments
- Lower Cost of Car Insurance
- Waived Deposits (e.g. Utility Companies)
- Lease an Apartment or House
- Land Specific Jobs

How Lenders Use Your Credit Score:

Lenders use your credit score to determine the risk of lending money to you. The higher your score, the lower their risk – providing you with lower loan rates.

Example of Loan Tiers

Credit Score (Apr)	Interest Rate
800 – 850	5.99%
720 – 799	6.99%
670 – 719	8.99%
600 – 669	11.99%
300 – 599	14.99%

BONUS TIP:

Even minor improvements can bump your score into the next tier – saving you money.
For example, if your score is **711**, improving your score by just 9 points could drop your loan rate by **2% APR!**

2 Powerful Tools to Rebuild & Improve Your Credit Score

Credit Rebuilder Loan

A Credit Rebuilder Loan or Share Secured Loan uses your assets (money in savings) to secure a loan designed to improve your credit score.

How It Works:

An easy way to think of a Credit Rebuilder Loan is like a pretend loan. You're essentially borrowing your own money from the credit union and then repaying the loan.

EXAMPLE:

Loan Amount	Interest Rate	Term	Monthly Payment	Interest Paid
$1,000	**3.5% APR**	**12 Months**	**$84.92**	**$19.06**

Assume you get a $1,000 Share Secured Loan from the credit union. The credit union will give you $1,000 and put a freeze on $1,000 in your account.

Then, you will make 12 monthly payments in the amount of $84.92. After your final payment, the credit union will have its $1,000 back (plus $19.06 in interest), and you will have access to your original $1,000.

How It Rebuilds Credit:

Payment history plays the most significant role in determining your credit score. At the end of your credit rebuilder loan, you should have 12 on-time payments reported to each of the major credit bureaus – giving your credit score a nice boost.

Secured Credit Card

Secured credit cards function like traditional (unsecured) credit cards. The major difference is that secured credit cards require a deposit.

How It Works:

First, you'll be required to deposit or freeze funds in your account equal to the card's credit limit – for example, $500. Then, you'll make small purchases on the card monthly that you can repay immediately.

Every time you make an on-time payment, it will be reported to the credit bureaus – helping to improve your score.

How It Rebuilds Credit:

1. Making on-time monthly payments will improve the payment history portion of your score.
2. Paying off the entire balance monthly will keep the total amount of your debts low.
3. Using the card only for small purchases that you can repay in full monthly will keep your credit utilization ratio low.

Improve Your Credit Score Quickly with Pinellas FCU!

Scan to get started or visit **www.pinellasfcu.org/rebuild**

Quick Tips to Boost Your Credit Score

Always Pay on Time

Set reminders on your phone or calendar to ensure you never miss a payment.

Eliminate Unsecured Debt

Reducing credit card debt and payday loans can instantly boost your score.

Keep Balances Low

Try to never spend more than 30% of your available credit limit to improve your Credit Utilization Ratio.

Review Your Credit Report

Visit **www.AnnualCreditReport.com** to review your full report and dispute possible errors.

Avoid New Debt

Only borrow money when it's necessary. Refrain from new loans until your current balances are reduced.

What is a Credit Utilization Ratio?

Your Credit Utilization Ratio (CUR) represents how much of your available credit you're "utilizing."

Formula:

$$\frac{\text{Outstanding Credit Card Debt}}{\text{Credit Card Limit}} \times 100 = \text{CUR}$$

EXAMPLE:

If your credit card limit is **$1,000** and the balance on your card is **$300**, your CUR will be **30%**. You should always try to keep this ratio **below 30%**. Individuals with high credit scores typically have CURs **below 7%.**

Ready to Experience the Perks of an Improved Credit Score?

Scan to get started or visit **www.pinellasfcu.org/rebuild**