

# Credit Score: Hate it or Love it, Be sure to Guard it

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## The Importance of your Credit Score

Credit scores affect more than just your ability to open a credit card or take out a loan. In some cases, a poor credit score can affect your ability to get a job or your relationship with your spouse. If credit scores can have such a big impact on our lives, it is important to understand where it comes from and how to have the best score possible.

A credit score is a number that is calculated based on a system that translates your credit history into a statistic. It is used by lenders to guess whether you will be likely to pay back a loan. The number itself comes from the credit bureau compiling the information. The three largest credit bureaus are TransUnion, Experian, and Equifax. These agencies compile information about you to assemble your individual credit score.

Though it is easy to dismiss a credit score as just a number, your credit score affects the interest rate at which you will repay a car loan or mortgage. Moreover, according to the Federal Reserve, it can also predict the longevity of your relationships. It is not just any number, so it is essential that we treat it that way.

Your credit history creates your credit score. Your history can include credit cards, loans, and mortgages, though the most common source is a credit card. The easiest way to get a credit score is to be included on someone else's credit card or start using one yourself. However, though it can be easy to start generating credit, the goal is to maintain, improve, and guard your score over time.

## Choose your credit card carefully

Know your spending habits before you choose a credit card. For example, if you are always traveling, you may want to find a card that does not charge foreign fees. Pay attention to the annual fees, interest rates, and any other spending requirements of the card. Though choosing a card does not affect your credit score directly, choosing a card that fits your lifestyle can be a strategic approach to managing monthly payments that will directly affect your score.

## Pay On-time

A big part of guarding your credit includes paying on-time. An easy way to ensure you are paying on-time is to set up an automatic payment on your account. The automatic setup will send the payment on your behalf. Also, another part of paying on-time is not spending more than you have. If you spend more than you earn, it will be challenging to pay on-time.

## Use Less

Utilizing less of your credit line shows that you are using your credit responsibly. The rule of thumb is to utilize 10-30% of your credit line. This utilization may boost your credit score.

## Credit History

Credit history is a factor of time. Having a solid credit history over several years may increase your credit score. It is about consistency over time. When it comes to your credit history, the longer you hold a credit card and make on time payments, the better. Which means the earlier you start, the better.\

## Credit Score Requests

If you request your credit score too many times from a credit bureau, it may affect your credit score negatively. Asking for your credit score as little as 2-3 times may affect your credit score and it will remain on your history for about two years. Today, many credit card companies provide a credit score gauge on your account. With this tool, you can monitor your credit score.

Your credit score is more than just a number. A good credit score is a route to, potentially, save thousands of dollars. It is a significant number and is best to be guarded as such.

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