Credit Score Factors Worksheet

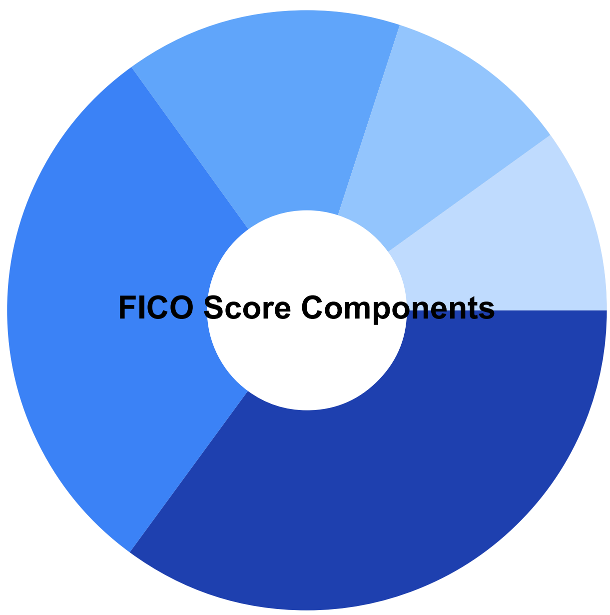
Chapter 7.3: Understanding Credit Scores

Instructions

This worksheet is designed to help you understand the five key factors that influence your FICO credit score and reflect on which factors might be easiest or most challenging for you to manage.

1. Review the credit score components chart and descriptions below
2. Reflect on each factor and consider how it might apply to your current or future financial situation
3. Answer the reflection questions in the spaces provided
4. Use this worksheet to inform your credit strategy development in the Learning Lab

The FICO Score Breakdown



Payment History (35%)

Credit Utilization (30%)

Length of Credit History (15%) Credit Mix (10%)

New Credit (10%)

Payment History (35%)

This is the most important factor in your credit score. It tracks whether you pay your bills on time, how often you miss payments, how many days past due your payments are, and how recently any late payments occurred. Even a single missed payment can significantly impact your score.

Credit Utilization (30%)

This measures how much of your available credit you're using. It's calculated both for individual accounts and across all your credit cards. For example, if you have a $1,000 credit limit and a $300 balance, your utilization is 30%. Lower utilization (below 30%) is better for your score.

Length of Credit History (15%)

This considers how long your credit accounts have been established, including the age of your oldest account, the age of your newest account, and the average age of all your accounts. Longer credit histories are viewed more favorably.

Credit Mix (10%)

This looks at the variety of credit accounts you have, such as credit cards, retail accounts, installment loans, and mortgage loans. Having a diverse mix of credit types can positively impact your score, as it shows you can manage different types of credit.

New Credit (10%)

This considers how many new accounts you've opened recently and how many recent inquiries appear on your report from applying for credit. Opening several accounts in a short period can indicate higher risk and lower your score temporarily.

Reflection Questions

1. Based on these five factors, which one do you think would be easiest for you to control and improve? Why?

2. Which factor might be the most challenging for you to manage? Why?

3. What specific actions could you take to positively influence each of these factors?

4. How might your credit management strategy need to change as you transition from high school to college or work?