

Personal Credit Strategy Builder

Chapter 7.3: Understanding Credit Scores

Instructions

This worksheet will help you develop a personal strategy for building and maintaining good credit. For each credit score factor, identify specific actions you can take during different time periods to positively influence your score.

1. Review the five FICO score factors and their relative importance
2. Consider your personal financial situation and goals
3. For each factor, identify specific actions you can take in the short-term, medium-term, and long-term
4. Complete the reflection section to summarize your overall strategy

Your Personal Credit Strategy

Credit Factor	Short-Term (1-6 months)	Medium-Term (6-24 months)	Long-Term (2-5 years)
Payment History (35%)			
Credit Utilization (30%)			
Length of Credit History (15%)			
Credit Mix (10%)			
New Credit (10%)			

Strategy Examples (For Reference)

Credit Factor	Example Strategies
Payment History (35%)	<ul style="list-style-type: none"> • Set up automatic payments for all bills • Create calendar reminders for due dates • Pay bills as soon as they arrive rather than waiting until due date • Contact creditors immediately if you'll be late with a payment
Credit Utilization (30%)	<ul style="list-style-type: none"> • Keep credit card balances below 30% of your limit • Make multiple payments throughout the month • Request credit limit increases (without hard inquiries) • Pay off balances in full each month
Length of Credit History (15%)	<ul style="list-style-type: none"> • Keep oldest accounts open, even if rarely used • Become an authorized user on a parent's established account • Open a secured credit card to begin building history • Maintain accounts for the long-term rather than frequently opening/closing
Credit Mix (10%)	<ul style="list-style-type: none"> • Start with a secured credit card • Consider a small installment loan when appropriate • Add a retail store card when you're ready for more accounts • Only add new credit types when you can responsibly manage them
New Credit (10%)	<ul style="list-style-type: none"> • Limit credit applications to one every 6 months • Research and apply only for cards you're likely to qualify for

Credit Factor	Example Strategies
	<ul style="list-style-type: none">• Avoid multiple applications when rate shopping (use 14-day window)• Focus on building history with existing accounts rather than opening new ones

Strategy Reflection

1. Which credit factor are you focusing on most heavily in your strategy? Why?

2. What potential obstacles might make it difficult to implement your strategy?

3. How will you hold yourself accountable to your credit strategy?

4. How might your credit strategy need to adapt as your life circumstances change?

PFL Academy - Chapter 7.3: Understanding Credit Scores