

Title:

Is Your Credit Score Costing You A Fortune?

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542

Summary:

While some surveys show that 9 out of 10 consumers are unaware what their credit score is, I'd like to quickly share with you how your credit score could be costing you a fortune (in more ways than you can imagine).

Keywords:

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Article Body:

While some surveys show that 9 out of 10 consumers are unaware what their credit score is, I'd like to quickly share with you how your credit score could be costing you a fortune (in more ways than you can imagine). We all know a low credit score will make everything in the world of finance more expensive because of higher interests rates from lenders due to being considered a greater credit risk (i.e. higher interest rates on cars, homes and credit cards). While this may be considered common knowledge by some, it's truly devastating effects are understood by few. For example, If you purchase a \$200,000 home on a 30 year fixed mortgage at 8% interest instead of 6% (because of your credit score); that 2% is going to end up costing you a total of \$96, 934.11 over the term of the loan. Now, think about how many extra years you'll have to work to pay off \$96,934.11 because of an extra 2% in interest?

The part few people talk about is all the other areas in life where a low score will increase your cost of living on an annual basis. For example. In addition to paying more for a car, home and credit cards, a low credit score will most likely have you paying more for the following as well:

- 1.) AUTO INSURANCE. As many as 92% of the 100 largest personal automobile insurers use credit information to underwrite new business, according to a 2001 study by Conning & Co., an insurance-research and asset-management firm.
- 2.) HOMEOWNERS INSURANCE. It's thought many insurance companies see a correlation between low credit scores and increased property insurance claims. Therefore, a low score will result in higher rates.
- 3.) LIFE and HEALTH INSURANCE. Customers who are unable to pay their monthly insurance premium thereby pass along that increased cost to the insurance company whose stuck with the bill (resulting in a loss for the company). Since

customers who pay without lapse are more profitable it is felt by many that a low credit score now even affects a monthly life and/or health insurance premium negatively. One of the more shocking areas where a low credit score will cost you is in the area of employment. It's estimated as many as 42% of employers now do credit checks on applicants before hiring them (according to a 1998 survey by the Society for Human Resource Management). While many employers claim they only do it to verify information on your application (such as where you live and where you have worked etc.) we can both assume they are taking the liberty to have a peek at how you handle your financial affairs as well. According to the Public Research Interest Group (PIRG) as many as 79% all credit reports contain errors, 25% of which are serious enough to cause the denial of credit (according to a 2004 report). And that's all the more troubling in light of the increasing impact a bad credit report can have, says Ed Mierzwinski, director of PIRG's consumer program. "It's outrageous that the credit bureaus are claiming their scores are accurate enough to take people's lives and screw with them like this".

In the next segment we'll be talking about something very, very exciting. It's called...

"Insider Techniques to Raise Your Credit Score... FAST!"

See you in a couple days...