

Understanding Your Credit Score

Why is a credit score important?

Your credit score has a big impact on your ability to borrow money and access credit.

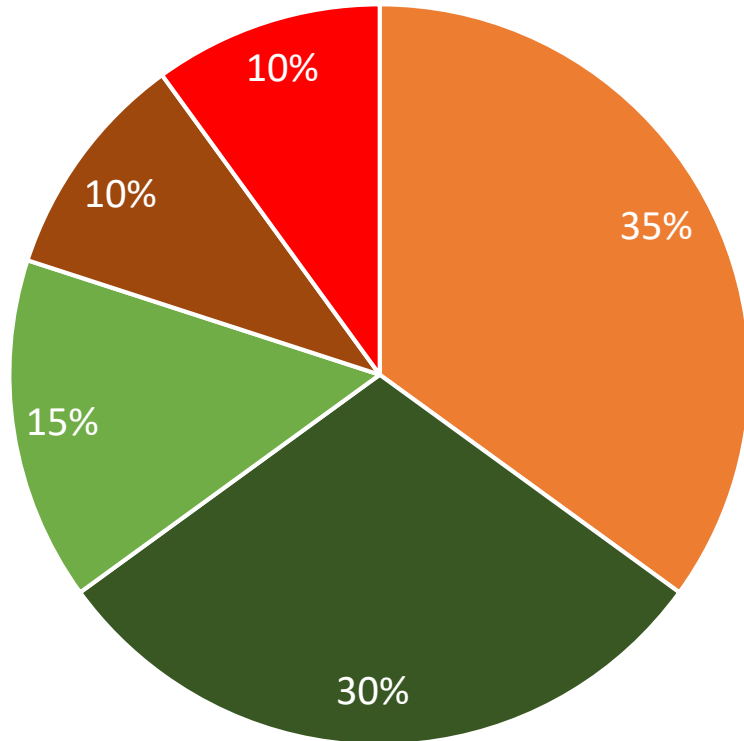
It determines the total amount of a loan that you can apply for and impacts the interest rate.

Lenders rely on it to decide how reliable you will be as a borrower.

Your credit score is based on your ability to repay loans and make your payments on time.

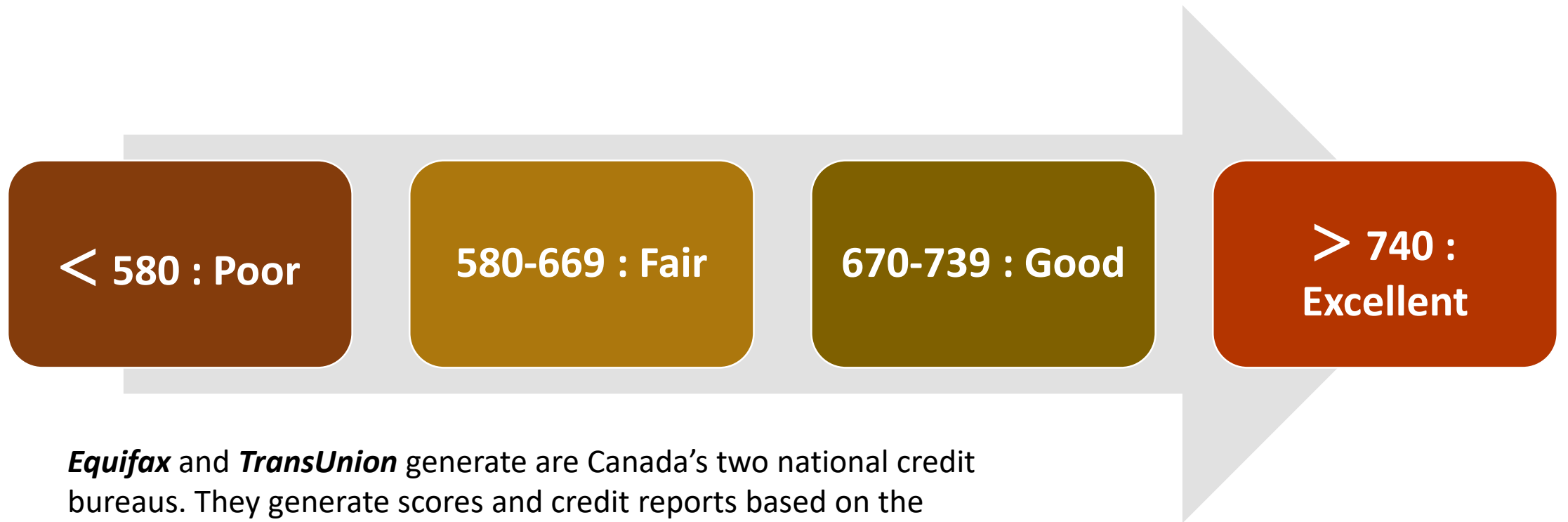
- Mortgage payments
- Rental payments
- Credit card payments
- Store card payments
- Car loan payments
- Cell phone bills, heating bills, cable bills
- Line of credit payments
- Student loans

Factors that determine a credit score



- Debt payment
- Total amount debt owed
- Length of time using credit
- Number of new credit accounts
- Types of debt

A credit score can range from 300 to 900



Equifax and **TransUnion** generate are Canada's two national credit bureaus. They generate scores and credit reports based on the information they receive about an individual from their lenders.

It is recommended that you verify your credit report at least once every year to make sure that your credit score is accurate

What is a Hard Credit Check?

Hard credit checks occur when you apply for a loan or credit card. They bring up your entire credit history.

Hard credit checks stay on your credit report and are visible to lenders for up to two years.

What is a Soft Credit Check?

A soft credit check normally occurs when a person, organization, employer, or creditor checks your credit history as part of a background check or pre-approval process.

A soft credit check does not affect your credit score.

Soft credit checks are never visible to other creditors on your credit report.

POSSIBLE REASON	POSSIBLE SOLUTION
Too much available credit	<i>Reduce your credit limits or close unneeded credit accounts</i>
Your credit account balances are too high	<i>Keep your balances below 35% of your total available credit, and keep credit limits as low as possible</i>
You have applied for a lot of new credit (ex: multiple credit cards or store cards)	<i>Avoid new credit applications, as every time a creditors conduct a “hard” check on your credit report, it lowers your credit score</i>
You have not recently used credit, or you currently do not have any credit sources (ex: no credit cards)	<i>Use a credit card for some common purchases every month, and quickly pay off the credit card balance, before interest can be charged</i>

How do I increase my credit score?

By developing
strong household
budgeting habits

Pay your bills on time and for the full amounts due

Pay down your debt as quickly as possible

Spend only what you can afford, and avoid unnecessary debt whenever possible

Create and maintain a positive credit history

How Long Does Information Remain on my Credit Report?

Item	TransUnion (in years)	Equifax (in years)
Credit Transactions	6	6
Loans	5	6
Collections	6	6
Bankruptcy	7	6
Registered Consumer Proposal, Orderly Payments of Debt	3	3

Thank You !
Questions ? Comments?
(contact information)