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*Listening, learning,
and living together:
it's the science of life.*

Credit Reports and Scores¹

Mary Harrison²

Today, we're hearing a lot about credit scores and credit reports. Your credit score determines not only if you will get credit, but how much you will pay for it. It influences how much you pay for car insurance, and your credit score is checked before you can open a new bank account!

Is a credit score the same as a credit report? Not quite. A credit report is based on a history of your use of credit. It includes things like who you owe and how much, how well you pay your bills, and if you pay on time.

Your credit score uses a mathematical formula to predict how likely you are to pay your debt as agreed. Your score is determined by your credit history, performance, and dependability. Credit scores range from 300 to 850, with the higher the score, the better your credit worthiness. A low score means greater risk to the lender. However, a low score doesn't necessarily mean low income. A person with a very high income can have a good or bad score, just as a person with a smaller income. People with a lot of money may also have a lot of debt or have trouble paying their bills on time... not good for the credit score.

A person's credit score is becoming as important as her or his Social Security number, so great effort should be made to be sure you have and keep a good credit score!

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