MoneySolver™

Credit Score 411

How is My Credit Score Calculated?

FICO® is the most popular scoring model used to calculate your credit score. Here are the five (5) factors they consider when calculating your credit rating.

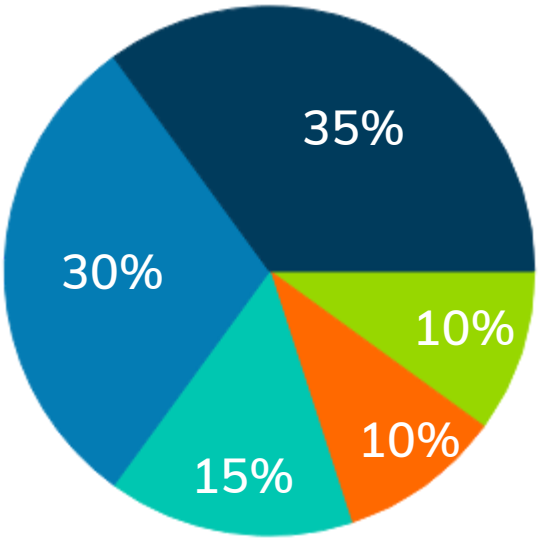
Payment History
Late payments and accounts seriously in arrears can significantly impact your credit score.

Amount Owed
Try to keep your account balances low. If your credit utilization is above 30%, your credit score could drop.

Length of Credit History
The age (how long they've been open) and the number of accounts are considered when determining your score.

New Accounts
Recently opened accounts and inquiries may cause a slight fluctuation in your credit score.

Credit Mix
The types of credit you have (secured and unsecured) also play a small role in calculating your overall credit score.



What's a Good Credit Rating?

Credit scores vary by model but most fall between 300 and 850. Below are the ranges most lenders consider (along with information obtained in your credit report) when reviewing an application.

Excellent 800 - 850	Seen as low-risk and given the best interest rates when approved for loans, credit cards and other financial offers. Approximately 21% of Americans have excellent credit.[1]
Very Good 740 - 799	People in this category have a positive credit history and generally have no problem being approved for loans and credit cards.
Good 670 - 739	Lenders may still view those in this range as an acceptable risk but interest rates are likely to be higher than those with very good or excellent credit.
Fair 580 - 669	Most creditors/lenders view people in this range as a higher risk. It's more difficult to get approved for loans and credit cards with fair credit.
Poor 300 - 579	Those in the poor category are unlikely to get approved for new credit. If you fall in this range, you'll need to take steps to improve your credit before applying for any financial offers.

[1]https://www.experian.com/blogs/ask-experian/credit-education/score-basics/what-is-a-good-credit-score/#:~:text=Your%20Credit%20Scores-,For%20a%20score%20with%20a%20range%20between%20300%20and%20850,in%20the%20U.S.%20reached%20715.