

Do you know your current credit score? When was the last time you checked your credit report? Your credit score affects many aspects of your life, including making large purchases, obtaining loans, renting an apartment and even applying for a job! Here are a few simple steps you can take to help improve your credit score and keep it working for you, not against you.



### Monitor Your Debt Ratio

One of the major factors in your credit score is how much revolving credit you have versus how much you're actually using. The smaller that percentage is, the better it is for your credit rating. It's best to keep your debt-to-credit ratio 30 percent or lower. Since credit card debt is one of the easiest types of debt to accrue, it's best to monitor your combined balance closely to ensure you don't push your ratio up too high. Other types of debt like home equity loans and auto loans are less easily obtained and much more consistent. You don't need to monitor those as closely, but research before those major purchases is much more important.

### Don't Avoid All Debt

One common misconception among consumers is that any debt on your credit report is bad, which is not entirely true. Good debt – debt that you handled well by making on-time payments – is good for your credit score because it shows that you are a reliable borrower. This is especially true if it's old debt, because it extends your credit history. So don't call the reporting agency to remove that car loan from your credit report as soon as you pay off the vehicle. Leave old debt and good accounts on your credit history for as long as possible. This is also why you should keep your oldest credit cards active, even if you don't use them very often. Cancelling a credit card that you've had for a long time will shorten your credit history, which could negatively impact your overall credit score.

### Check Your Report and Dispute Errors

Finally, be sure to check your credit report for errors. Look for new accounts that you didn't open and large purchases you didn't make, as these not only hurt your credit score, they can be signs of fraud or identity theft. You're entitled to one free copy of each of your three credit bureau reports (Equifax, Experian and TransUnion) every 12 months through AnnualCreditReport.com. It's a good idea to stagger each of the three reports throughout the year. Request one every four months, and you can monitor your credit for free all year. If you find an inaccuracy, you should dispute it immediately by following the instructions on the bureau's report.