

KNOW YOUR CREDIT SCORE AND WHY IT'S SO IMPORTANT



Score Range	BELOW 579	580-619	620-659	660-699	700-759	760-850
Credit Rating	VERY POOR	POOR	BELOW AVERAGE	GOOD	VERY GOOD	EXCELLENT

FICO Score Chart

A lot of people are interchanging the term FICA score with FICO Score. Many people misspell and mix up FICA and FICO. But there's a big difference between the two. Let me show you.

Firstly, there is no such term as a FICA score. Although FICA does exist, it is the abbreviation for Federal Insurance Contribution Act, it has nothing to do with FICO and credit scores.

FICO, on the other hand, is the abbreviation for Fair, Isaac and Company, the company that first started credit scoring system in 1958 and used widely today to evaluate a borrower's credit worthiness.

UNDERSTANDING FICO SCORE

Now that we're clear with the confusion between the two. What exactly is a FICO score? What is a Good FICO score?

FICO score is a 3-digit numerical index which represents an estimate of your financial credit worthiness. It is the most important number lenders use to determine who qualifies for a loan, at what interest rate, and to what credit limits.

It's based on a subset of the information in your credit report, typically from the three major American credit bureaus: Equifax, Experian, and TransUnion. Though the scoring system used by all three credit bureaus are different, they all point to one conclusion and that is whether or not you have good or bad credit.

Creditors or lenders, such as credit unions, banks and credit card companies, primarily use FICO scores to determine credit limits and interest rates every time when you apply for new credit card, mortgage, auto loan, personal credit line or any other credit issues by the bank. These scores are very predictive in assessing the credit worthiness of a person or the likelihood that person will pay his or her debts.

The Importance of your FICO Score

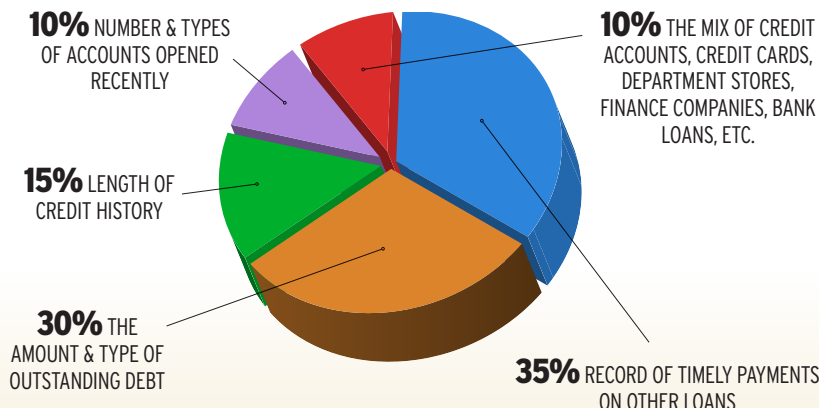
FICO score ranges between 300 to 850. The higher your credit score is, the lower the risk is to the lenders and the easier you'll obtain a loan, so to speak. A low score, such as 500, could result in much higher interest rates or having your application rejected outright. Conversely, those with a credit score of 760 - 850 would get the most favorable interest rates.

The FICO Score Chart at the top of the page may help you to determine where your score is in relation to others.

WHAT'S IN A FICO SCORE

Credit scores can be broken down into 5 components.

The bulk of your credit score comes from your payment history and the amount you owe, it's important to keep a healthy balance and ensure that you always make your payment on time.



THE KEY TO FINANCIAL PEACE OF MIND

Finally, a positive credit score offers something intangible but equally significant: peace of mind. Knowing that you have a strong credit score and financial stability brings a sense of security and confidence in your ability to navigate life's financial challenges successfully.

