



Take Charge America Shares Surprising Facts About Your Credit Score

Nonprofit credit counseling, debt management agency sheds light on eight little-known credit score facts

PHOENIX – (July 10, 2018) – Most people know their credit score is an important factor in securing a mortgage, auto loan or even an apartment. They also know that missing a credit card or loan payment can damage their score. However, there are other lesser-known facts that could make or break that three-digit number.

“Nothing affects your financial health more than your credit score,” said Michael Sullivan, a personal finance consultant with Take Charge America, a [national nonprofit credit counseling and debt management agency](#). “But, there’s a lot of mystery surrounding credit scores, including how scores increase or decrease.”

Sullivan sheds light on eight surprising facts about credit scores:

1. **It affects insurance rates:** In many states, insurers base your rates on your credit score. If it’s 700 or better, you can lock in the best prices. Likewise, a score below 600 means higher insurance rates.
2. **Employers may review your credit:** If you’re applying for a job requiring a security check, expect the company to check your credit report and score, too. If you’re hoping to work in the financial services industry, you most likely need a good score to secure a job.
3. **It won’t improve if you cancel a credit card:** It may seem counterintuitive, but [closing an old credit card](#) can actually hurt your credit score because it impacts your credit utilization, which is a factor in determining the score.
4. **Overdue library fines can affect your score:** You might be shocked to learn that libraries often work with debt collectors to collect fines. And, while libraries don’t report to credit bureaus, collection agencies do.
5. **So can outstanding medical bills:** Similarly, unpaid medical bills are sent to collection agencies and have the same effect on scores.
6. **No debt does not equal good credit:** Many people assume that having no credit cards or other debt will get them a higher credit score, but this isn’t true. Without a history of past debts and repayments, creditors can’t predict how you will repay your debt. This makes it difficult to secure a loan. On the other hand, running up a bunch of credit card debt won’t help your situation either. Aim to pay off all balances monthly.
7. **Neither does a hefty savings account.** Your account balance has no bearing on your credit score.
8. **Errors are common:** The Federal Trade Commission reports that more than 20 percent of Americans have a “potentially material error in their credit report,” meaning their score may be lower than it should be. Not surprisingly, credit reporting is the second biggest source of complaints to the Consumer Financial Protection Bureau. It’s important to review your report at least once a year to check for errors. You can request a free report from each of the three credit bureaus annually at [annualcreditreport.com](#).

For more tips or information about credit counseling, budgeting, debt relief or student loans, visit takechargeamerica.org or call (866) 528-0588.

About Take Charge America, Inc.

Founded in 1987, Take Charge America, Inc. is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, student loan counseling, housing counseling and bankruptcy counseling. It has helped more than 1.6 million consumers nationwide manage their personal finances and debts. To learn more, visit www.takechargeamerica.org or call (888) 822-9193.

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