

Tips for Improving and Establishing a Great Credit Score

Our credit scores are extremely important for buying houses, new cars, and getting other types of loans. Often when we are young we don't realize how important it is to keep our credit scores on the high end of the scale. In order to get our credit scores on the excellent side of the scale we first have to establish credit, so it is kind of a catch 22. In order to improve your score there are many things you can do.

- Keep your credit cards below 49% balance. In other words do not exceed your limit by more than 49%. The loan companies are looking to make sure your debit ratio is within a certain limit and when you exceed the 49% mark you tend to get higher interest rates.
- Do not keep switching cards and transferring balances. While there are credit cards that offer a great introductory rate you may be hurting your credit score if you continue to change credit cards every six months or less. Generally you need to keep paying down the cards and only exchange credit cards when you have a very high interest rate. When you do switch cards you need to make sure the interest rate is a fixed rate.
- If you are trying to establish credit the first thing you will want to do is get a credit card. Make sure there is no annual fee, a low fixed interest rate, and that it has perks. Perks can be cash back bonuses, or flight miles. You will want to use the card once a month to avoid having it stolen, however you will want to pay off the balance every month. The key is to barely use it, but let the loan company see that you are establishing a credit history by having the card.

Your credit score is your way of getting great deals on mortgages, car loans, and other loans.

About The Author:

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Author: Himanshu Joshi

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