

Understanding Your Credit Score

Lenders use your credit score, also called a FICO score, to evaluate the risk involved in providing a loan or credit card to you. A low credit score can also impact ability to buy insurance, rent an apartment, get a job and more. Your credit score is part of your credit report, which lists all types of credit accounts you have ever had and your payment history on each one.



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What is in your credit report?

- Identifying Information
 - Birth Date, Social Security Number
- Name, Address, City, State, Place of Employment
- Credit History
- Public Record Information
 - Unpaid Taxes, Liens, Judgments
- Inquiries
 - Applications for Credit
- Basic Credit Information from Financial Institutions and Other Types of Creditors
 - Type of Credit
 - Source of Credit
 - Dates Accounts Opened or Closed
 - Other Account Activity
 - Amount You Currently Owe
- Credit Score

How does credit scoring work?

- A numeric score is assigned based on certain factors.
- This score represents the level of risk associated with the loan.
- This is just a tool to assist lenders and others in making good credit decisions.

Factors in Credit Scoring

- Past pay history
- Number of open accounts
- Number of paid off accounts
- Length of time in credit file
- Balances on credit cards
- Type of accounts
- Collections (paid or unpaid)
- Lawsuits or garnishments
- Bankruptcy
- Number of credit inquiries (when companies check your credit report to determine whether to offer you credit)
- Charge offs (previous credit accounts you did not repay)
- Number of recently opened accounts



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What do credit score numbers mean?

850 – 721	A+	Outstanding
720 – 700	A	Excellent
699 – 680	A-	Good
679 – 620	B	Fair
619 – 600	B-	Credit with blemishes
599 – 580	C	Credit history with outstanding collections and/or judgments
579 – 550	D	Credit history with severe collections, judgments and/or bankruptcy
549 – 300	F	Same as above

Higher scores indicate less risk in providing credit to you.

How can a score be improved?

- Understand what factors affect a credit score.
- Limit your credit card use.
- Pay all payments on, or before schedule. (35% of your credit score)
- Only allow someone to review your credit file if you are applying for a loan
- Take care of medical or other collections before they are reported to the credit bureau.
- Be responsible with credit. Avoid same as cash credit offers or discounts for applying or using department store credit cards.
- Don't go too long without an open account with a balance. Empty credit bureau files can cause scores to drop.
- Avoid cosigning for anyone. If you do, follow up each month to make sure payments are being made on time.
- Check your credit report annually to ensure the information is accurate. You are entitled to one free credit report per year from each major consumer reporting agency – Experian, Trans Union and Equifax – under the federal Fair Credit Reporting Act. To order your free reports, go to the official site www.annualcreditreport.com or call 1-877-322-8228. You can also order a copy at Annual Credit Report Request, PO Box 105281, Atlanta, GA 30348-5281
- Avoid companies that ask you to pay for a copy of your credit reports.



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