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Consumers with higher credit scores benefit financially

Columbus, OH (Aug. 1, 2023) With college student debt on the rise, credit unions encourage their members to create a sound plan for paying off the balance early.

Managing your credit score is important, especially since consumers are reporting that access to credit is harder to achieve right now. Your credit score is one of the key factors that lenders, like credit unions, use to approve a mortgage, auto loan, and a credit card. If you have a higher score, you may qualify for a higher credit limit and a lower interest rate. August is a good time to review your overall credit score and take steps to move it in a positive direction.

The top credit score you can earn is 850, but according to [Experian](#), one of the three leading U.S. credit monitoring bureaus, the average U.S. FICO credit score in 2022 was 714, while the average Ohio consumer credit score was 715. The FICO score is a number that predicts how likely you are to pay back a loan on time.

[The Consumer Financial Protection Bureau](#) recommends consumers check their credit report at least once a year, and more often if applying for a new job, a line of credit, or suspect they may have been a victim of financial fraud.

A few factors that can hurt your credit score include using more than 30 percent of a credit card's line of credit (your credit card limit), closing an old account, and applying for too much credit over a short period of time.

Tips to Improve Your Credit Score

- **Check your credit report.** Under federal law, consumers can obtain a free report from each of the three national credit reporting bureaus every 12 months. You can request your report at www.annualcreditreport.com. Be sure to review it thoroughly for accuracy.
- **Pay bills on time.** When it comes to improving your credit score, paying all of your bills on time, every month, is crucial. It establishes a positive payment history.
- **Keep credit utilization under 30 percent.** Actively using credit cards is a good way to keep your credit score healthy, but don't use more than 30 percent of your available credit at any given time.
- **Always pay your credit card balance in full each month.** You don't have to carry a balance and incur interest charges to build good credit. Many credit card rewards programs provide an option to apply earned rewards toward the balance. This is a great option in tighter months.
- **Leave old debts on your report.** Once you finally pay off a debt, you might be tempted to eliminate it from your report, but as long as your payments are timely and complete, those debt records can help your score.
- **Start using credit early.** Don't wait to start using credit. Even if you open a card and then charge and pay off a small amount each month, you'll be building a solid credit foundation.
- **Diversify your credit.** Research alternative credit options such as financing a car or consolidating credit card debt with a loan. Paying off different types of credit can improve your score.
- **Connect with your local credit union.** As member-owned financial institutions, credit unions often provide personalized financial guidance, offer credit building products, and charge lower interest rates. Leveraging your local credit union resources can improve your overall credit score and financial well-being.

Learn how a credit union can help strengthen your financial security by visiting www.YourMoneyFurther.com.

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The Ohio Credit Union League is a state trade organization representing the collective interest of 218 credit unions through advocacy, compliance and information services, educational opportunities, communications, media, and outreach support. Credit unions are not-for-profit financial institutions owned and democratically controlled by their members. Ohio credit unions provide savings, loans, and other consumer-friendly financial services to more than three million members.