

# Action Plan: Credit Report

*I have reviewed my credit report and identified ways to improve my credit score.*

Credit plays a big role in your daily life. Lenders, such as credit card companies, will look at your credit report—and so might landlords and employers. As you work toward your financial goals, it's critical to review and understand your credit report. You may find errors you need to correct, or see behaviors you can improve. Your credit report can also help you look for signs of identity theft.

The good news is that it's easy for you to get your credit report. Each of the three main credit reporting agencies is required to provide you with your free report once each year.

## WORKSHEET 4: CREDIT REPORT

Here are the steps you need to take. Write down the date when you plan to complete each one.

### 1. Order your credit reports.

You can order all three reports online from *annualcreditreport.com*, by phone at 877-322-8228, or by mailing in a request form (see page 116).

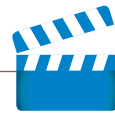
You can obtain all three reports at once, or you can order one at a time. If you order one every 4 months, you can review your credit periodically throughout the year (be aware that the reports may have somewhat different information as a result).

Deadline date: \_\_\_\_\_ Completed: \_\_\_ Yes \_\_\_ No

### 2. Review your reports for accuracy.

Learn what information the reports will contain and how to read them. A credit report contains four types of records: public records, such as court judgments; credit accounts; inquiries from organizations that have asked for your credit history; and personal information. Make sure each account listed is accurate.

Deadline date: \_\_\_\_\_ Completed: \_\_\_ Yes \_\_\_ No



### 3. Dispute any inaccuracies.

If necessary, write a dispute letter to the credit reporting agency that has the error on your report (see page 117 for a sample letter). Follow up to make sure the dispute is resolved.

You also have the right to add up to 100 words to the credit report as a personal statement to explain credit issues to potential employers and landlords.

Deadline date: \_\_\_\_\_ Completed: \_\_\_ Yes \_\_\_ No

Your credit score is linked to the information on your credit report, but it is not on the report. See Improving Your Credit Score below.

#### Improving Your Credit Score

Now that you've read your credit report, you can start taking steps toward improving your credit score. Review the information below and then determine what action steps you will take to improve your credit score. These five tasks each address components of your credit score.

#### Here are five tasks you can do to improve your credit score:

Task 1 **Pay your bills on time.** Your payment history accounts for about 35% of your score.

Task 2 **Keep your credit card balances low.** Ideally, you should keep the amount you borrow below 25% of your available credit limit. This accounts for about 30% of your credit score.

Task 3 **Increase the length of your credit history.** This accounts for about 15% of your score.

Task 4 **Minimize the frequency of new card requests.** This accounts for 10% of your score.

Task 5 **Keep a combination of different types of debt** (such as mortgages and credit cards). This makes up the remaining 10% of your score.

Review the tasks on the previous page and pick two you want to work on. Write an action step for each task and include a date when you will take the action.

Here are some examples:

- Step 1 Look into online bill payment tied to a designated date (days before the actual due date) to see if it can help you stay on top of your bills.
- Step 2 You might pledge to use cash for more purchases starting on a specific date.
- Step 3 Carefully review your existing accounts to get a sense of how long your credit history is. If you don't have credit in your own name, you could apply for a low-limit credit card to responsibly build your credit history.
- Step 4 Resist the urge to apply for new cards or lines of credit. Instead plan to manage all purchases within existing credit limits.
- Step 5 If you find that you absolutely need additional credit, consider a different type of loan or line of credit than you already have. But be sure you can pay it back, because missing payments will hurt you more in this area than it can help you.

Be as specific as possible. Remember, you can incorporate these steps into your Action Plan Road Map (see pages 100–101) to help you get to your goal.

**Task**

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**Action steps:**

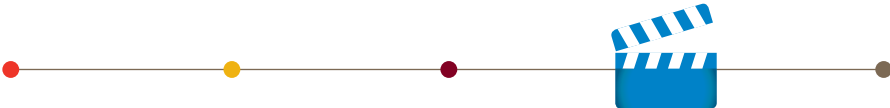
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**What will you do?**

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**When will you do it?**

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**Task**

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**Action steps:**

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**What will you do?**

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**When will you do it?**

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Consider using this information to inform the action steps you will take on your Road Map.