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## Tips on how to keep a healthy credit score

By Feisal Panjwani, Special to The Sun February 8, 2011

A credit or beacon score is a way of determining a borrower's credit worthiness and probability of successful debt repayment. Beacon scores range from 300 to 900. A score over 600 is normally considered good while a score over 700 is considered excellent. Lenders use credit scores to determine whom they lend to and often what rates they will get. Below are some tips on how to keep your credit score high:

- Keep your balance under 50 per cent of your credit limit. Don't just use one card and keep the outstanding balance close to the limit. It's much better to split the balance between a couple of cards to stay below 50 per cent. Alternatively, you could also ask to have your limit increased by your credit card company so that you can stay below that 50-per-cent mark. If you have too many credit card balances that are approaching the credit limits, consider a consolidation loan to get the balances brought down.
- Always make the minimum payment and make it on time. Don't double up one month and skip the next one. Your score is calculated by a computer system and if you miss a minimum payment (even if it's for \$10) it will likely reduce your credit score. The fact that you overpaid a few months ago is irrelevant.

- Old credit is good credit. If you have an old credit card or line of credit you don't use, don't close it. Keep it active but leave the balance at zero because the length of time it's reported on your credit report can increase your score. About 15 per cent of your credit score is determined by how long your accounts have been established. Even better, use the line of credit or credit card a few times a year and then pay it off in full.

- Pay out any old collections or judgments sooner rather than later. The quicker you clear up old debts the sooner your credit score can recover.

- Don't be a credit seeker. Multiple inquiries on your credit report can affect your credit score. Don't apply for various credit offers and try not to always apply for a new credit card in order to get the free gift offer.

- Time will heal your credit. Anything negative will drop off your report after six years so don't worry if you were sloppy many years ago when you were young and having some fun. As long as you have been careful the last six years (and more importantly the last two years), your credit score will likely be fine.

If you want to get a copy of your credit report visit: [www.equifax.ca](http://www.equifax.ca) or [www.transunion.ca](http://www.transunion.ca)

Report any discrepancies to Equifax or Transunion for them to correct.

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