Your Credit Score Matters: Find Out Why

Having good credit matters throughout your career. Working toward an excellent credit score takes time and a lot of work, but the rewards are worth the effort.

**Benefits of a high credit score**
- Lower car insurance rates
- Stronger negotiating power
- Higher chance of approval on rental applications
- Lower mortgage interest rates
- Higher chance of approval on credit card applications
- Higher credit limits
- Lower interest rates on credit cards and loans

**Drawbacks of a low credit score**
- Higher car insurance rates
- Weaker negotiating power
- Lower chance of approval on rental applications or home loans.
- Higher mortgage interest rates
- Lower chance of approval on credit card applications
- Lower credit limits
- Higher interest rates on credit cards and loans

**The good news** is you can take steps to improve your credit score starting now. Minor credit mistakes take less time to recover from than more serious issues.

**Here’s how long it typically takes to increase a credit score:**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Steps you can take</th>
<th>Typical recovery time</th>
<th>Impact to credit score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delay any new credit applications.</td>
<td>As a service member, you may be targeted by all kinds of lenders. You can decline or put off these offers.</td>
<td>3 months</td>
<td>Low</td>
</tr>
<tr>
<td>Avoid closing current credit card accounts.</td>
<td>Keeping these accounts, even if you don’t use them, bolsters your credit score.</td>
<td>3 months</td>
<td>Low</td>
</tr>
<tr>
<td>Pay down balances to 25% or less of your credit limit.</td>
<td>Apply any additional funds you come across, such as dislocation allowances or re-enlistment bonuses, to pay down credit card balances.</td>
<td>3 months</td>
<td>Medium</td>
</tr>
<tr>
<td>Make payments on or before the due date.</td>
<td>Consider timing your credit payments with when you receive your pay and allowances income.</td>
<td>18 months</td>
<td>High</td>
</tr>
<tr>
<td>Maintain current accounts in good standing.</td>
<td>When confronted with serious financial issues, military relief organizations can help you avoid bankruptcy.</td>
<td>6+ years</td>
<td>High</td>
</tr>
</tbody>
</table>

Personal financial managers and personal financial counselors are available to help you review your credit options. Visit [https://installations.militaryonesource.mil/](https://installations.militaryonesource.mil/) to set up a no-cost appointment at your nearest installation.

Follow the Office of Financial Readiness on:
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