

Your Financial Report Card: Credit Report & Score

When was the last time you requested and reviewed your credit report? If you haven't done it in the past 12 months, put it on your schedule for January. Your credit report is your financial report card and it's more important today than it's ever been. Pretty much everyone is looking at your credit report – potential and current creditors, insurance companies, landlords, utility companies, and even employers. Let's take a peek at who's looking at your credit:

Financial institutions use it to determine whether to loan you money and at what interest rate. Insurance companies review your credit report to determine your premiums and whether to continue insuring you.

Potential employers may request your credit report to determine if they should hire you.

Landlords often review your credit report to determine if you're someone they want to rent to you.

There's no reason to wait to request your credit report because you can request it free every 12 months from the three major credit reporting agencies -- Equifax, Experian and Transunion. Requesting your credit report is simple -- you can request it online, by phone or mail:

www.annualcreditreport.com

877-322-8228

Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281

You can request all three credit reports at one time or you can stagger your requests. If your credit report is accurate and doesn't have any errors, you can easily monitor your credit by waiting four months and requesting the next credit report. However, I only recommend this if your credit report is error free. If you're married your spouse should also request and review his credit report.

Each of the credit reporting agencies -- Equifax, Experian and Transunion -- have different databases, which means your information, can vary by report.

Another important aspect of your financial report card is your credit score. Your credit score provides a guide to your risk for future credit. Although your credit report is free, there is a fee for your credit score.

The higher your credit score, the lower your risk. FICO is the most commonly used credit scoring model. FICO scores range from 300 to 850. Other popular credit scoring models include Vantage TransUnion, PLUS and CreditXpert.

Credit.com recently introduced a new free tool that shows you a snapshot of your credit reports and estimated scores according to the scoring models listed above. The Credit Report Card breaks down your credit report into five simple-to-understand categories and gives you a letter grade for each one. I found the Credit Report Card easy to request and understand. It provided a breakdown of the five areas used to determine your credit score – Payment History, Debt Usage, Credit Age, Account Mix and Inquiries. Each area was scored and I was really pleased that my scores were all "A+" or "A-". In addition to providing my score, it provided an explanation and necessary action to improve my score.

Another great feature of the Credit Report Card is a chart that shows the different credit scoring models with the range in scores and the grade. For example, Grade C (FICO is 650 – 699; Vantage is 701 – 800). Finally – a resource that explains credit scoring in a simple, easy-to-understand format and it's FREE!

Mark your calendars and set a date in January to request and review your credit report and score.

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