



Hey... What's your score?

Let's be real, credit scores can feel like a mystery. Most of us were never taught how they really work, so it's easy to fall for the myths that get passed around like bad advice. Let's clear up the confusion.

Here are 7 common credit score myths that too many people believe- along with the facts that can help you build and protect your score.

1. **Myth:** Checking your credit score will hurt your credit.
Fact: Only hard inquiries – like applying for a loan or credit card can impact your score. Checking your own score is considered a soft inquiry and has no effect at all. In fact, monitoring your credit is a smart move!
2. **Myth:** You only have one credit score:
Fact: You have many scores, depending on the scoring model – like FICO or Vantage Score and which credit bureau (Experian, TransUnion, Equifax) is used.
3. **Myth:** Closing a credit card improves your score
Fact: Closing a card can hurt your score by lowering your available credit and shortening your credit history. It's often better to keep it open (unless there is an annual fee, and you are not using the card)
4. **Myth:** Paying off collections removes them from your report.
Fact: Paying off a collection account will not instantly remove it. It can stay on your report for up to 7 years, although newer scoring models may ignore paid collections.
5. **Myth:** Debit cards can help build credit
Fact: Debit cards usage is not reported to credit bureaus, so it does not affect your score at all. Only credit-based accounts – i.e. credit cards, loans – effect your credit.
6. **Myth:** A perfect credit score is necessary for a good loan
Fact: A score in the high 700s is usually enough to qualify for the best rates. You don't need 850.
7. **Myth:** One late payment won't hurt much
Fact: Even one late payment can significantly damage your credit, especially if you are otherwise in good standing. **ALWAYS PAY ON TIME!**

Now that you are armed with the facts, understanding how credit really works puts you in control. By checking your score regularly, paying on time, keeping your balances low, and using credit wisely, you can build a strong credit profile-no guesswork required.

Remember: Credit isn't about being perfect – it's about being consistent. Focus on the facts and take steps today that your future self will thank you for.

If you're enjoying my blogs, let me hear from you! Send an email to me: katrina.peerman@vsufcu.org.