

Surefire Ways to Improve Your Credit Score

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A strong credit rate is always a good thing to have. Whether you are just starting out with your first credit card or if you are ahead of the game and own a mortgage. Financial literacy is a subject that should arguably be a compulsory class in high school. You would be surprised how many people do not know how to achieve good credit.

Once you start your first job, then it is probably a good idea to learn about credit and finance at that point, if not sooner. Here are a few ways to learn to keep good credit to your name.



What is Credit? Why Do I Need Good Credit?

[CIBC \(The Canadian Imperial Bank of Commerce\)](#) defines credit as “a deferred payment arrangement between a borrower and a lender that facilitates access to funds for repayment at a later date”.

[LoansCanada](#) suggests to think of “your score as bargaining material when approaching new companies. With a good credit score, you can negotiate with lenders to get the lowest possible interest rate on a new credit card or loan.”

In Canada, there is [a scale](#) of bad to good credit that is represented by numbers ranging from 300-900.

- 300-599 POOR
- 600-649 FAIR
- 650-719 GOOD
- 720-799 VERY GOOD
- 800-900 EXCELLENT

The average Canadian [has a credit score of 650](#) according to LoansCanada, meaning that the average of all Canadians are in a good credit standing. The site also reports that according to Equifax, “the highest percentage of Canadian citizens with a credit score of 750 and higher are in the 65 and older age group. On the other hand, the highest percentage of Canadian’s with a score of 520 and under are in the 25 and younger age group”.

Here are some benefits of having good credit that you may want to consider:

- It can be easier to get approved for higher credit limits (i.e a \$5000 credit card limit vs. a \$500 credit card limit)
 - Banks feel safer loaning you money knowing that you have a history of paying them back on time
- The ability to obtain lower interest rates
 - Saving money in interest over your lifetime adds up

Having bad credit can basically guarantee the opposite for all of these benefits and makes it much harder to secure a loan for say, a car payment or a mortgage. Building credit is building trust with the lender.

What is Interest?

An interest fee is the cost that you pay the lender/bank when you are paying back a loan. To learn more, here is a short video with more information on [interest](#).

What Can I Do to Work Towards Great Credit?

- Don’t go over your credit limit
- You can take out smaller loans to be able to pay them off quicker
- Make your payments on time no matter what type of bill, whether it is your phone bill or a leisurely purchase from a website like Amazon

- [Don't skip a payment even if the bill is in dispute](#)

How Do I Maintain My Good Credit?

Helpful Tips to Always Keep on Top of Your Credit Score

Your credit score is something you need to pay attention to often and make the effort to upkeep. If you don't pay enough attention to it, (i.e don't pay your bills on time), then your credit score will suffer. It can seem intimidating when you have other responsibilities to think of. Here are a few good ways to always keep an eye on it to make sure you are making your payments:

- Keep an eye on your credit report and if you notice discrepancies, you can call the Credit Bureau to fix the error in order to maintain your good credit
- You don't need to pay in full right away - you're able to pay the minimum balance on your debt which helps you maintain your credit score

Where Do I Go From Here?

If you don't already, it would be extremely helpful if you download your bank's mobile app. That way you can view your personal account balances, loan payments, and bank promotions all at the touch of a button. Many financial institutions have mobile apps that can help you keep track; there are also third party apps that you can use if you prefer.

Another helpful tip is to communicate with your bank. That is what they are there for. If you have any questions about credit scores, interest rates or which plan they have that may work best for you, they have financial advisors that are able to educate on all of these questions.