

# *Breakdown of a* **CREDIT SCORE**

BROUGHT TO YOU BY



Chilliwack  
Learning  
Society

- IT'S A -  
**MONEY  
THING®**

An illustration of a young girl with long orange hair, wearing a white shirt and purple pants, sitting on the grass under a large, stylized tree. In the background, there is a park setting with rolling green hills, a path, a bench, and a squirrel standing next to a sign that says "CREDIT SCORES".

## *Before* **CREDIT SCORES**

- No standard for measuring risk
- Up to individual lenders to judge loan applicants

*What is a*  
**CREDIT SCORE?**



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**A credit score is a number used** by financial institutions and credit card companies **to determine risk level** when issuing you a loan or a credit card.

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**The FICO® Score is the most widely used credit score model in North America.**

It was introduced in 1989 by Fair, Isaac and Company, now Fair Isaac Corporation.

It's also known as the Beacon score in Canada.

Fair Isaac Corporation



**FICO**

TRANSUNION®

EQUIFAX®



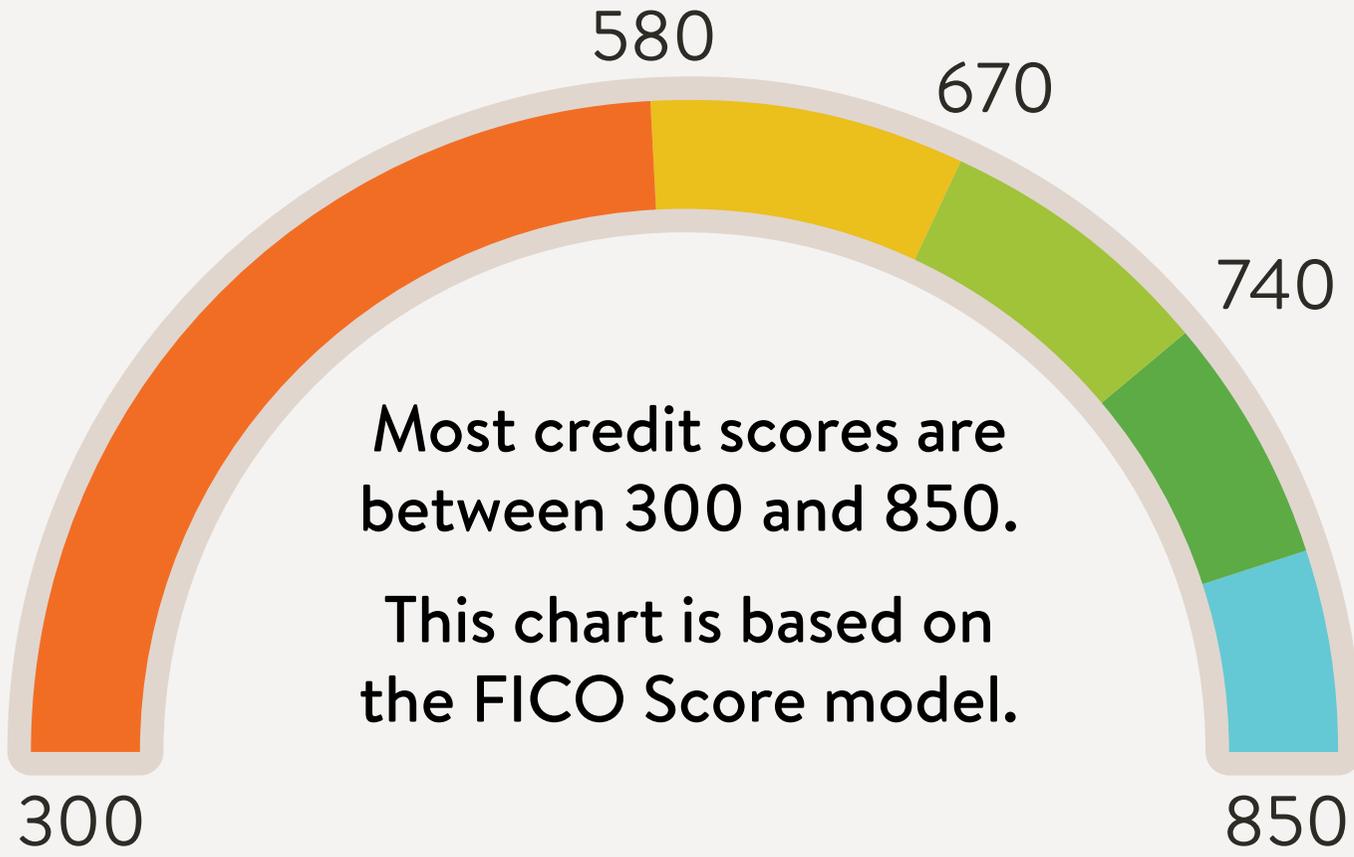
765

720

Since each credit bureau uses its own formula, **your FICO Score can vary**, depending on which bureau supplies the information.

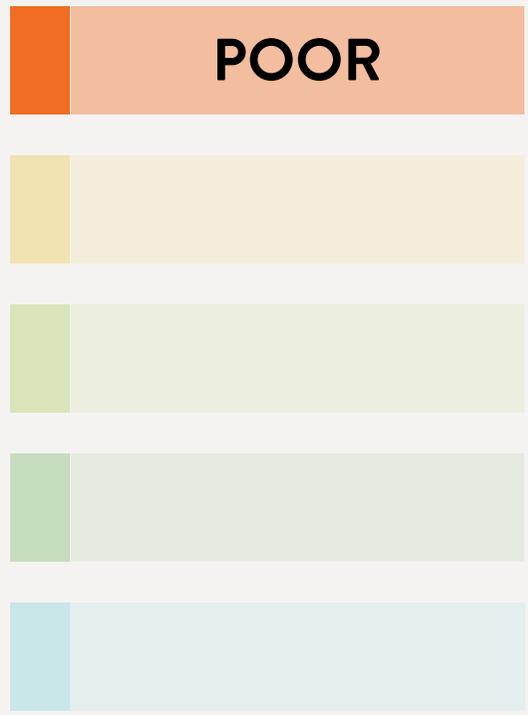
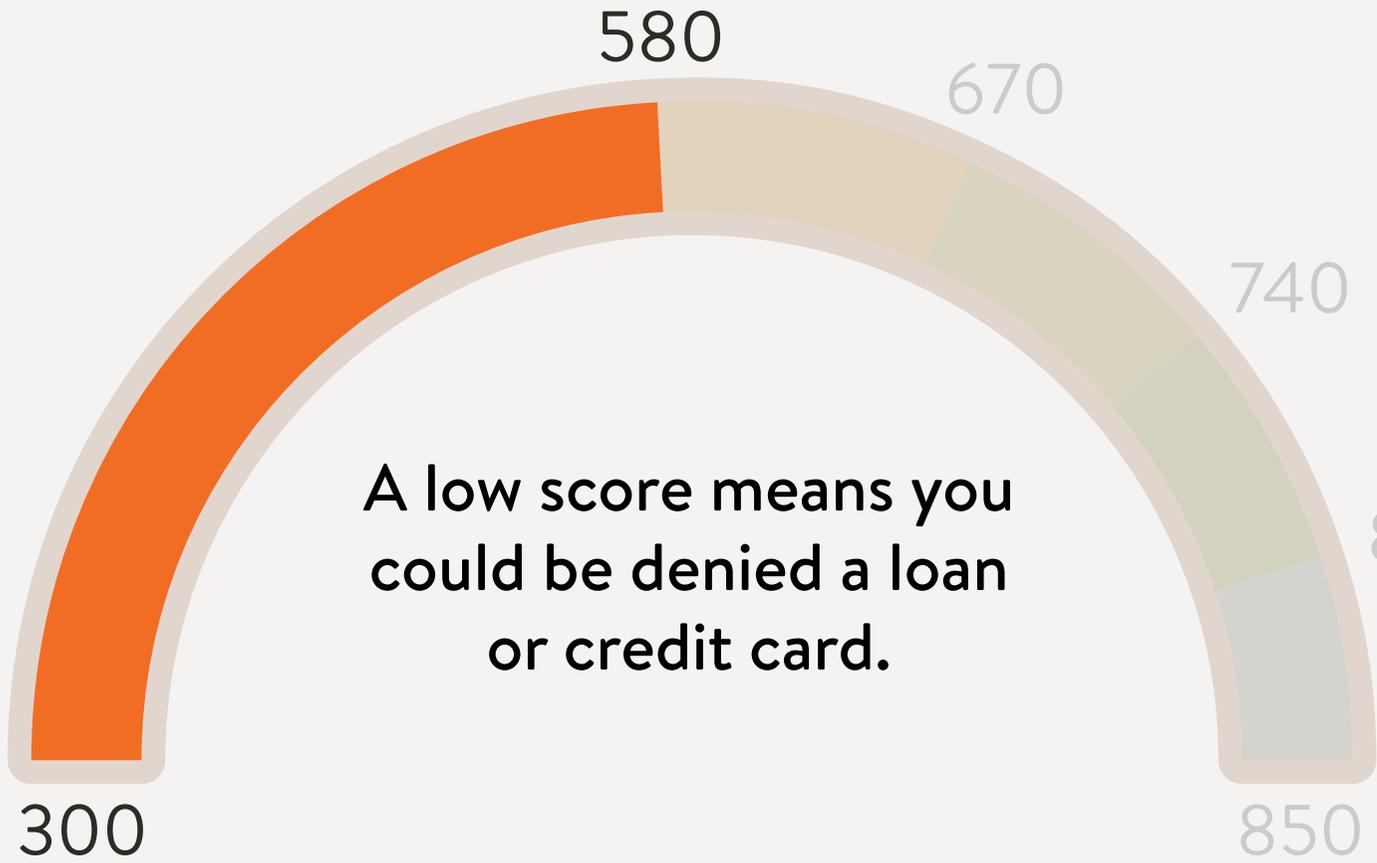
*What does my score*  
**MEAN?**

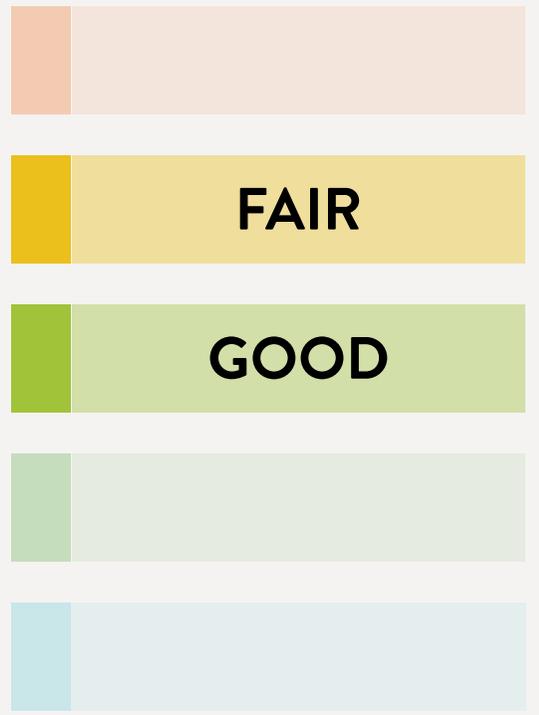
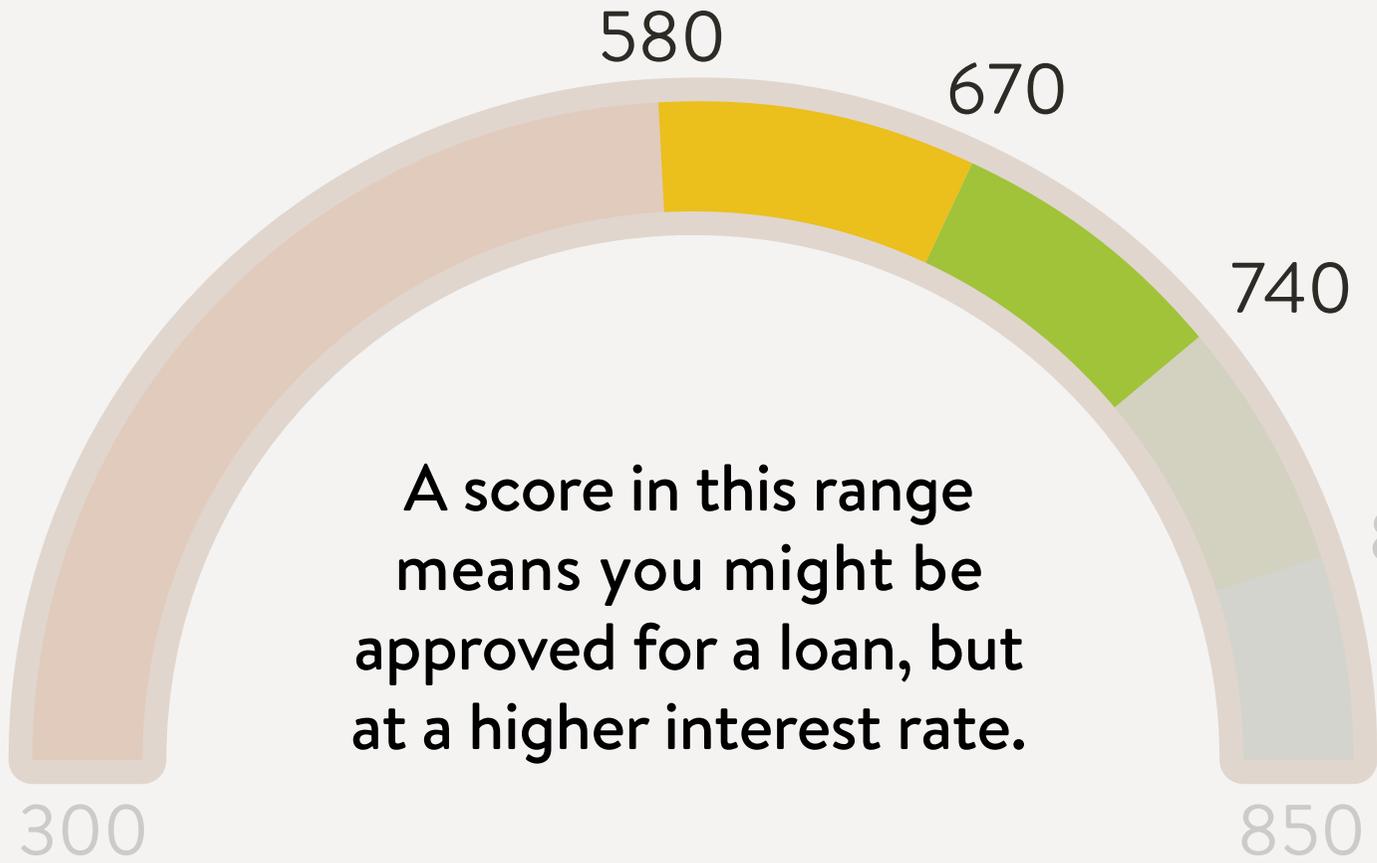


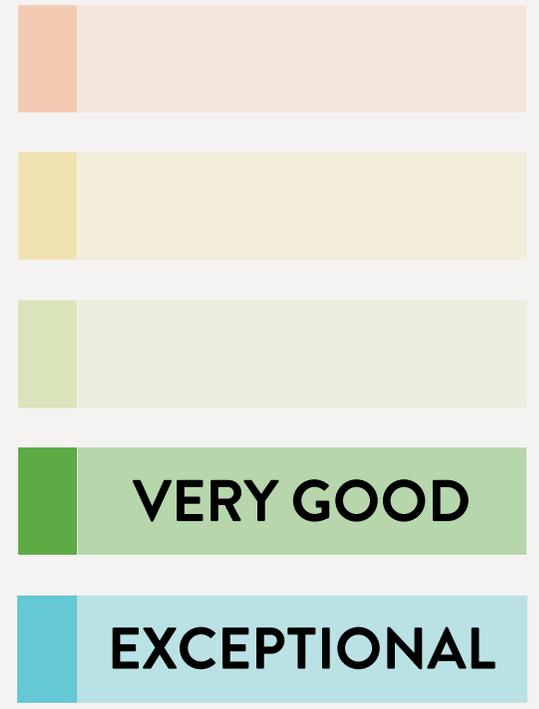
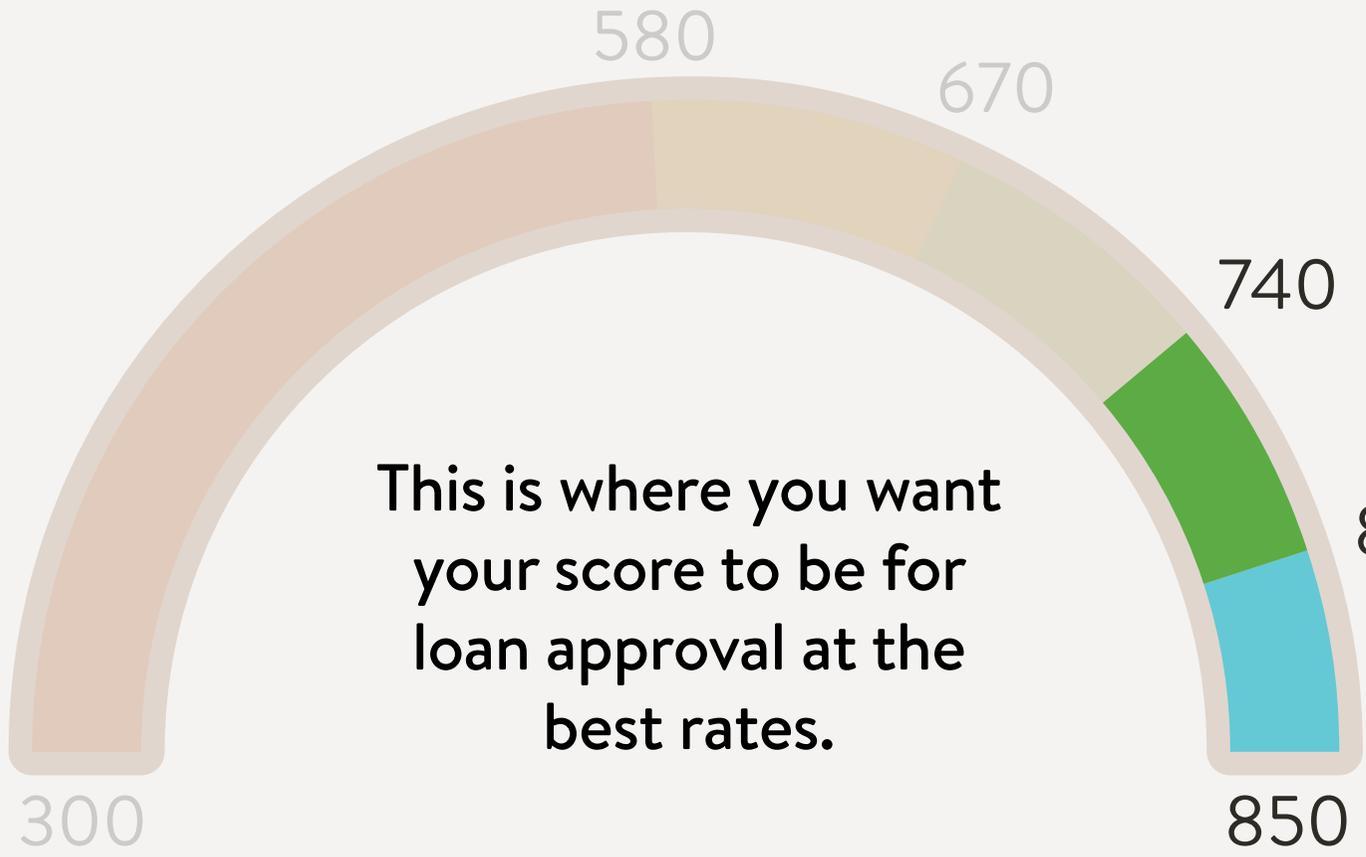


Most credit scores are between 300 and 850.  
This chart is based on the FICO Score model.









*Why does my score*  
**MATTER?**



# Credit scores can influence:



**Renting an  
Apartment**



**Student  
Loans**



**Car  
Payments**

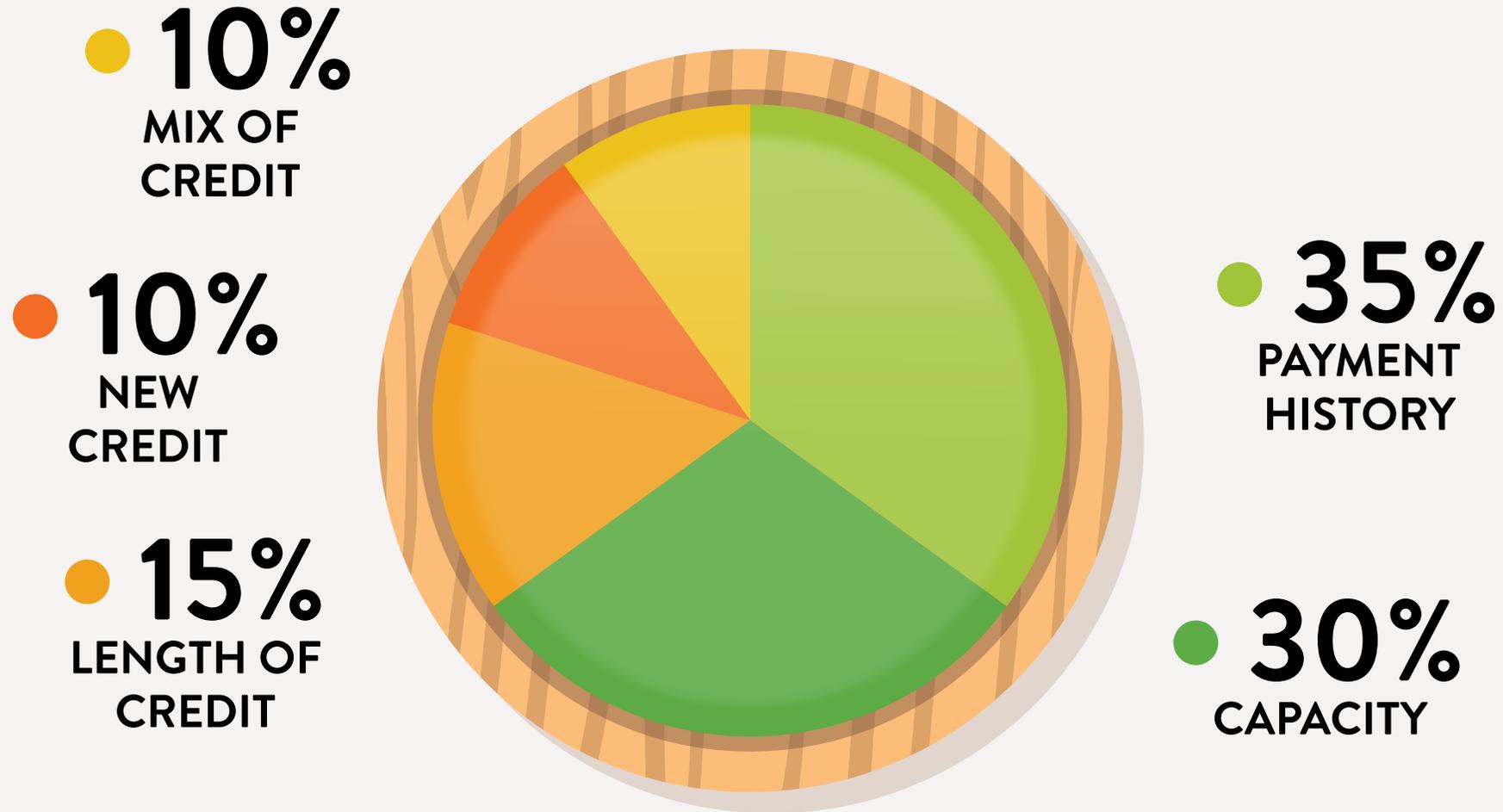


**Job  
Applications**

*How are credit scores*  
**CALCULATED?**



# The breakdown of a credit score goes like this:



● **10%**  
MIX OF  
CREDIT

● **10%**  
NEW  
CREDIT

● **15%**  
LENGTH OF  
CREDIT

● **35%**  
PAYMENT  
HISTORY

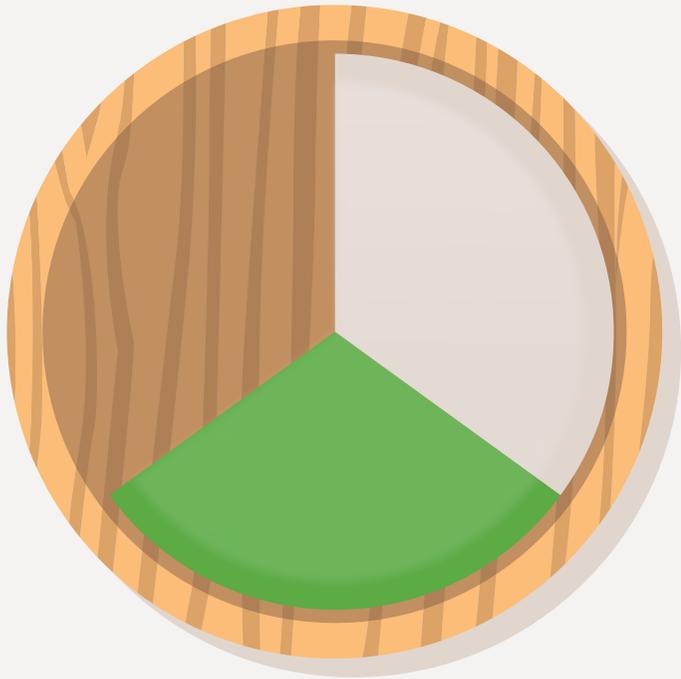
● **30%**  
CAPACITY

# PAYMENT HISTORY (35%)



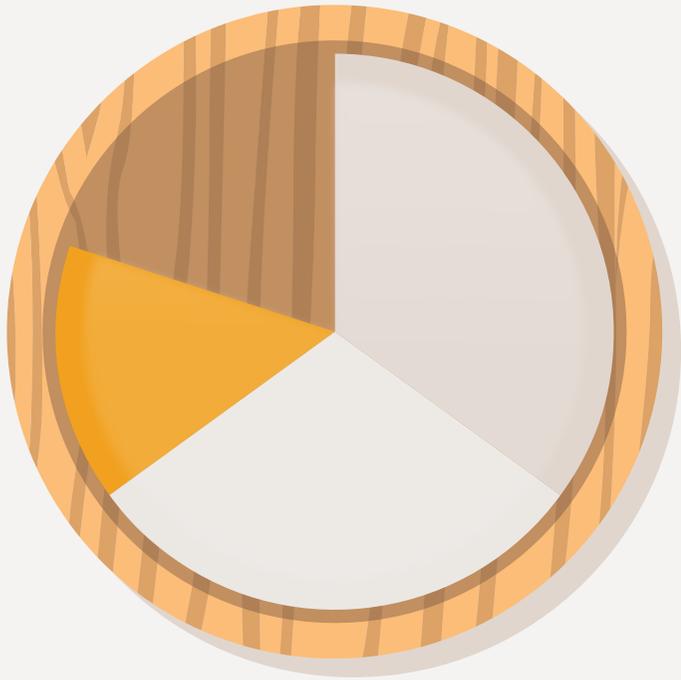
Making payments on time  
boosts your score

# CAPACITY (30%)



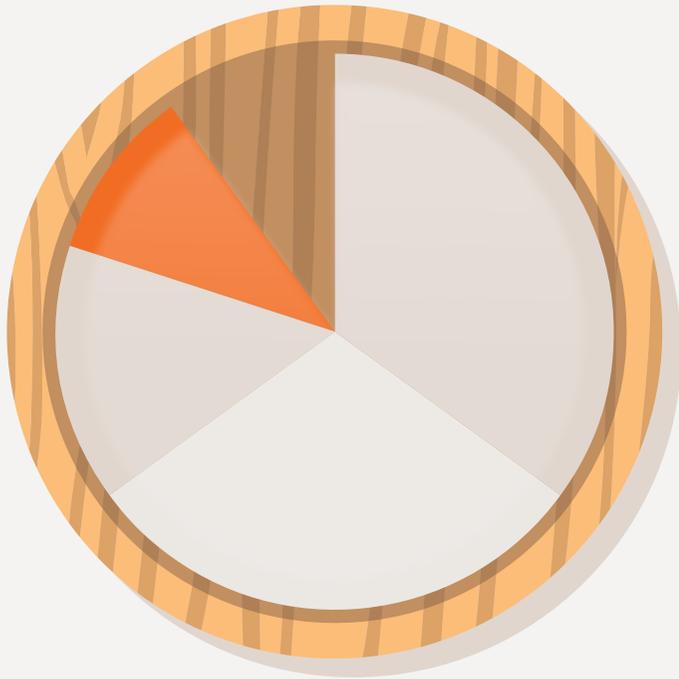
- How much of your available credit you actually use
- The less you use, the better
- Maxing out your lines of credit harms your score

# LENGTH OF CREDIT (15%)



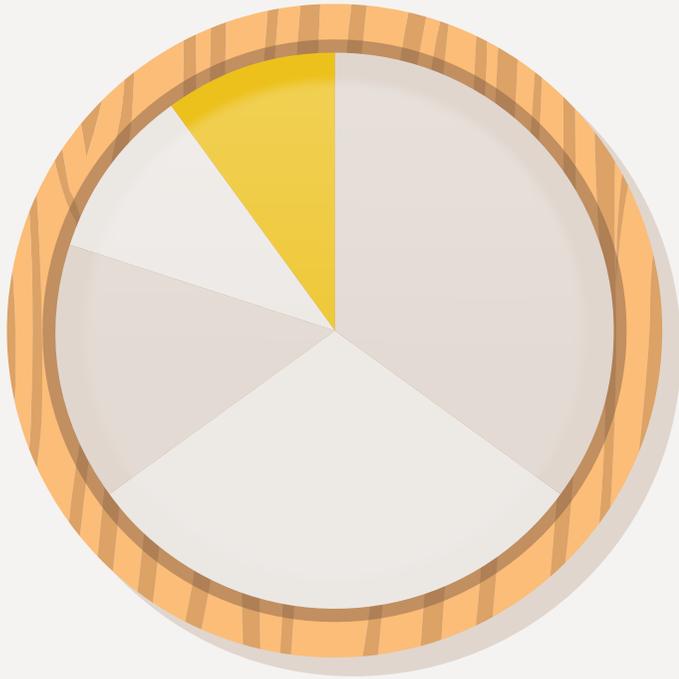
A long history of good credit habits raises your score

# NEW CREDIT (10%)



- Opening a bunch of new credit lines in a short amount of time hurts your score
- This includes retail credit cards

# MIX OF CREDIT (10%)



- Revolving credit  
(*e.g., credit cards*)
- Instalment loans  
(*e.g., mortgages, car loans*)

*How do I keep track of*  
**MY SCORE?**





**Access your Equifax consumer credit report and credit score at no charge.** Both your report and score are updated once per month. → [equifax.ca](https://www.equifax.ca)

**Accessing your TransUnion credit report with your credit score does cost money** and is available as part of Transunion's subscription-based real-time monitoring service.  
→ [transunion.ca](https://www.transunion.ca)

**Set seasonal calendar reminders** so you can remember to check on your credit throughout the year.



SUMMER



WINTER

Things to look for on your credit report that influence your credit score:

- **Account openings**
- **Account closings**
- **Repayment history**
- **Mix of credit**

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Sources: FICO, Forbes, Financial Consumer Agency of Canada

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