Action Plan:

CHECK YOUR CREDIT REPORT AND SCORE

DIFFICULTY: MODERATE

WHAT YOU'LL NEED:

- Web access or telephone
- Knowledge of your credit history

Your credit score is a three-digit number that can have a big impact on your finances. It tells creditors how likely you are to pay back the money you want to borrow. The lower your credit score, the riskier you appear to lenders, and the more you will likely pay for loans, credit cards and insurance premiums. Credit scores are also used more and more by potential employers, landlords, utility companies and others. If your credit score looks bad, you look bad.

But you have several different credit scores. And the scores you see may be different from the ones lenders see. That's because your score is calculated in different ways by each of the major credit reporting agencies based on the information in your credit report. Lenders can also come up with their own scoring models. So how do you know if your credit is in good shape? Follow this action plan to get a good sense of how lenders see you.

THIS ACTION PLAN REQUIRES FIVE STEPS:

1. **Get a copy of your credit report from each of the three major credit reporting agencies.** Visit *www.AnnualCreditReport.com*, the official website to get free credit reports from Experian, Equifax and TransUnion. You can also call 1-877-322-8228 to request your free credit reports. To make the request by mail, send a letter with your name, Social Security number and date of birth to:

   Annual Credit Report Request Service
   P.O. Box 105283
   Atlanta, GA 30348-5283

   Don't be confused by other "free credit report" services that try to sell credit monitoring subscriptions and other products. You do not need to pay for a credit report.

2. **Check all the reports for accuracy.** You'll have the option to order one report from one credit reporting agency or all three. If this is the first time or the first time in several years that you've checked your credit reports, it's a good idea to order all three. Check each report thoroughly to identify any mistakes. It's not uncommon for credit reports to confuse people with similar names, addresses or Social Security numbers. You might also find other errors regarding your payment history. Also look for signs of fraud or identity theft, such as accounts you didn't open or outstanding debts you don't owe. If you suspect that you are the victim of fraud or identity theft, see the Report Identity Theft action plan to take steps to report the crime and learn to how to prevent it from happening again.

3. **Take action to correct other problems.** It's important to clear up other mistakes and inaccuracies too. Contact the appropriate credit reporting agency to fix any errors. If you spot something like an unpaid bill that you simply forgot about, pay it. Then, ask the business you owed to send a letter to the credit reporting agencies stating that the matter has been resolved.

4 **Check your credit scores.** Once you are satisfied that your credit reports are accurate, check your credit score. Don't confuse the two. Credit reports simply record your credit history. Your credit score uses that information to calculate a three digit number that rates your creditworthiness. FICO® scores, created by Fair Isaac Corporation, are the most common. Each credit rating agency, however, uses a different credit scoring model. Remember that every individual has a personal credit score. If you are married and co-sign on a loan with your spouse, lenders will examine each of your scores, so check them both.

Most people will have to pay a small fee for each credit score. You can also get your credit scores from lenders under certain circumstances. Lenders are now required to disclose your credit score when you apply for a mortgage or a loan that uses risk-based pricing so the interest rate goes up as your score goes down. If you are denied credit, the lender also needs to tell you what credit score they used.

5 **Improve your credit score now.** If you have a low score, there's no time like the present to start raising it. See the Improve Your Credit Score action plan to find out how.

FICO® Credit Scores: The FINRA Investor Education Foundation offers eligible active duty servicemembers and their spouses free access to their FICO® Scores and the educational information in the FICO® Standard service from www.myFICO.com. If you need help with your debt, contact a military financial educator (sometimes called a "PFM") in your nearest Personal Financial Management Program (PFMP) Office to access this tool or visit *www.SaveAndInvest.org/creditscore*. Inquire about the PFMP in your local Airman & Family Readiness Center, Army Community Service or Fleet and Family Support Center.