

It Was a Dark and Stormy Night...

...and a ferocious storm raged. The rain beat frantically against my window as if it were trying to escape the wind by squeezing through the glass and into the shelter of my office. It had been a long day and I was drained, like a bank account sucked dry by credit card payments.

I put my feet up on my desk and my eyelids started to droop. I had almost drifted off when the raucous ring of the phone caused my eyes to jerk open. I fumbled for the handset. The voice that greeted me when I finally found it was shaky, scared.

You've got to help me, Budget Guy! I'm being stalked and I'm scared to death!!

Stunned, I could only stammer something about calling 9-1-1. After all, I'm only the Budget Guy – not Austin CSI! What could I do?!

No, you don't understand, Budget Guy! I'm being stalked by my credit score. First I went to refinance my mortgage and take advantage of those great rates I kept hearing about. But they said my credit score wasn't high enough for the really good rates.

Then my car insurance went up, and they said it was because of my credit score. And now the interest rates on my credit cards are going up -- once again because of my credit score..

Help me Budget Guy!! What can I do?!

A long sigh escaped my lips. I'd seen this type of thing before, and it's never been pretty. I pulled out my calculator, loaded it with fresh batteries and set it on the desk beside me...just in case. I began to talk about credit scores, keeping my voice calm and soothing.

First, I explained that credit scores are based on data in your credit reports. And most credit reports have errors in them. (Too bad my caller hadn't read my [May newsletter article](#) on that very issue.) So the first step is to get your reports and make sure they're accurate.

That makes sense. But what about my credit score?

The voice was calmer. So far, so good. I went on... Your credit score is a three-digit number from 300 to 850. With a score of 720 or better, you should get the best interest rates. A low score doesn't mean you won't get credit; just that your rate will be much higher.

Look, I know my score is low. Just tell me how to fix it!

Uh-oh. My caller was starting to get testy. I hurried on to say that credit scores are based primarily on your payment history (35%) and on the amount you currently owe (30%). The very best way to increase your credit score and keep it high is to pay your bills on time.

Yeah...well...I guess I am late every now and then. But I'm usually only a couple of days late.

That sounded a little whiny. Sure, two days late may not hurt as much as, say, sixty days late, but it all hurts. Why

be late at all? I quickly moved on.

The second best way to increase your credit score is to pay down your credit card balances. The more unused credit you have, the better your credit score.

For example, suppose you have two credit cards, each with a \$10,000 limit. You're maxed out on one, and have a \$5,000 balance on the other. You're using 75% of your available credit (\$15,000 balance divided by \$20,000 total credit limit). Pay off the \$5,000 balance and you're down to 50% (\$10,000 divided by \$20,000). Not great, but much better than 75%.

Just don't be in a hurry to close any accounts you pay off. If you did that in my example, you'd end up at 100% of your available credit (\$10,000 divided by \$10,000) – **not** a good thing for your credit score. *(continued, next page)*

Credit Reports Are Now Free!

You still have to pay to get credit scores, but credit reports are now free. Call 877-322-8228 or go to www.annualcreditreport.com.

Ask the Budget Guy, cont'd

So maybe I should get a bunch of new credit cards to build up my credit limit real fast?

I was waiting for *that* one. No, I warned, that won't work. Opening several new accounts one after the other just makes it look like you're desperate. And down goes your credit score.

So what I need to do is make sure my credit reports are accurate, make sure I pay on time, and pay down my balances ASAP? I can handle that!

Did I detect hope in that voice? Yes, I replied. That's the surest, fastest way to a higher credit score -- works every time! As I hung up, I put my calculator away and my feet back up on my desk. Sleep came easy.

Want some help getting out of debt or starting a savings plan? Try one of these:

- Crown Financial Ministries small study group classes (Margaret Fetty, 288-9034)
- Personal budget counseling (free and confidential; Allen Gunter, 292-4035 or BudgetGuy@SHPC.org)

THANK YOU!

THANK YOU! THANK YOU! THANK YOU!

Alice Morrill appreciates everyone who called, sent cards and helped her with rides and food following her recent fall



Joys — David Jacobus, returned from Iraq — Michael Knapp and Christopher Brown, back home from the war zone — Micah & Ashley Royer welcome a son, Grant, born April 18th — Rollin & Debbie Breed welcome a grandson, Christopher, born April 21st — Paul Floyd, brother of Beaman Floyd, has returned safely from Iraq — Danielle Mayorga, daughter of Dan & Marilyn Lawler, has married Joel Franco, brother of Luis Franco

Sorrows — Maude Reno, mother of Sally Jo Elliott, passed away May 19th — Antonella Van Horn, mother of Sabelyn Pussman, passed away recently

Please pray for — Marylou Busch, suspected diverticulitis — Clem Hofmann, recovering from surgery — Mary Wilson, broken ankle following a fall — Mary Hurd, recovering from pneumonia — Melissa Steck, daughter of Thelma and Grady Morris, complications following surgery — Roz Seiler, recovering from back surgery — Lydia Ellison, carpal tunnel surgery — Peggy Platt, surgery for recurrence of cancer — Emily Haggard, sister of Martha Meador, surgery for cancer — Linda Henson, friend of Jack and Carol Gilchrist, acute leukemia and undergoing chemotherapy — the family of Barbara Lumsden, friend of Pat Haberman, following Ms. Lumsden's recent death — Scarlett, a premature infant weighing 2 lbs. — John Skannal, father of AC Skannal, very ill with bone cancer — Steve & Teresa Wade, moving to Seattle — Jim Howell, uncle of Sally Schilstra, recovering from heart catheterization

Please pray for Members of the Armed Forces and all world leaders involved in war zone crises including:

John Steele, nephew of Martha Meador ... Ryan Moeller, friend of Carol Ideker ... Ron Fore, nephew of Joy and Ezzo Essary ... Jonathan Zysk, son of Caren Zysk ... Frank Portz, friend of Billy & Cindy Baschnagel ... Clay Stowe, husband of Farrah and son-in-law of Rebecca Robertson ... Michael Williams, nephew of Marty Starkjohann ... John Sanchez, son of Birdie Lindsey... Eric Jacobus, grandson of Clem Hoffman... Jason Addison, son of Al and Jai Leigh Addison... Clay Narey, cousin of Aimee Killeen ... Chase Breed, son of Rollin and Debbie Breed... 2nd Lt. David B. Craig, son of Linda Kimmons... Kenneth McKinney, friend of Carlen Floyd... Daniel Dance, brother of Gwen and Gary Stroud... Jason Mills, son-in-law of Gaston and Junie Broyles... John Paul Hipolito, son of neighbor of Bill Stokes... Capt Frank Lewis, friend of Sherine Thomas and Tom Nuckols... Ryan Keeney... Col. Eric Wesley, friend of the Gilchrists