

SPECIAL REPORT

What's your score?

Understanding your credit score and credit report



You may be accustomed to A's and B's from school, or even placing first or second in a race. But how do you rank when applying for credit cards or loans? Most lenders use FICO® scores to determine the risk of lending money to you. These scores are a prediction of how likely you are to pay your bills on time. Do you know your score?

This information is provided by the Voya family of companies for financial education and awareness purposes to all PSERS members and participants in PSERS Class T-G, Class T-H, and Class DC and does not constitute financial advice.

FICO® scores

The most common credit scores are FICO scores which are calculated using software developed by Fair Isaac and Company – hence the name FICO. These numbers affect how much credit and the loan terms lenders may extend to you. While many lenders use these scores, each lender has its own strategy and additional factors that could be evaluated. There is no universal “accepted” or “denied” score.

Determining your credit score

Scores may be calculated using the following credit data:

- Payment history
- Amount owned
- Length of credit history
- New credit
- Type of credit used

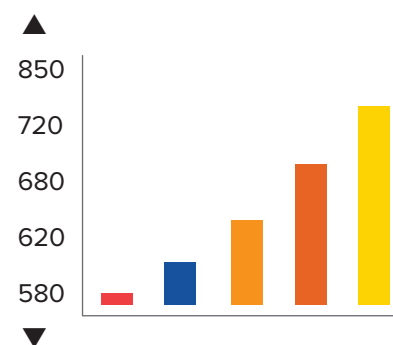
The criteria and importance of each data group are subject to change based on the particular group (for example, people who have not been using credit for long).

Obtaining your credit score

For a small fee, the three nationwide consumer reporting agencies (Equifax, Experian, and TransUnion) will calculate your credit score. Sometimes you can get your score for free if you sign up for a credit monitoring service or take a personal credit quiz (often these are also free – the lender makes money from the leads generated, advertising, and services purchased through their site). You are also entitled to inquire about your score when applying for a loan.

The credit score scale

Credits scores rank from 300 to 850 and the higher your score, the less risk you pose to lenders. Different lenders may have different scales, however *CreditReport.com* provides the chart below as a guideline.



- Excellent (over 720)
- Good (between 680-720)
- Fair (between 620-680)
- Poor (between 580-620)
- Very Poor (under 580)

Raising low scores

There is no quick fix for a low score; it can take time to increase it. By following some of these simple tips, you can raise your score and open the door to many opportunities.

- Bills - pay on time, catch up on late payments, stay current, see a credit counselor if necessary
- Credit cards - keep balances low (industry experts generally agree that using only 30% of your credit card limit is best), don't move debt from card to card, don't open new credit cards

Benefits of a good score

A good score can do a lot for you, from saving you money to making the lending process easier.

- Interest rates - you'll be able to receive and negotiate for better rates on loans and credit cards.
- Approvals - getting approved for your loan or credit card is more likely with a better score.
- Limits - you'll be approved at a higher credit limit or to borrow more from a lender with a better score.

Credit reports

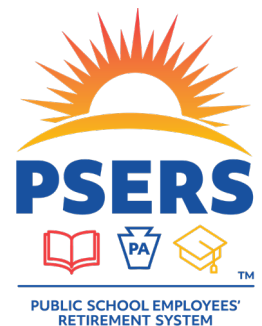
Lenders provide reporting agencies information on the credit they have extended to you. This information is compiled into your personal report which lists what type of credit you use, the length of time your accounts have been open and whether you have paid your bills on time.

So it's important to check your credit report for accuracy. Typical mistakes can happen due to:

- Someone applied for credit under a different name or perhaps a nickname that is mistaken for yours
- Someone applied with your social security number
- Clerical errors from misreading or mistyping information.

Experian and TransUnion is required by the The Fair Credit Reporting Act (FCRA) to provide you a free copy of your credit report upon your request. Because each agencies compiles your data from different sources, each report may contain different information, so you may want to order a report from each agency. You may file your request online at annualcreditreport.com, by phone at 1.877.322.8228 or by mail at Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

With PSERS,
you're on your way!



Not FDIC/NCUA/NCUSIF Insured • Not a Deposit of a Bank/Credit Union • May Lose Value • Not Bank/Credit Union Guaranteed • Not Insured by Any Federal Government Agency

Insurance products, annuities and funding agreements are issued by Voya Retirement Insurance and Annuity Company ("VRIAC"), Windsor, CT. VRIAC is solely responsible for its own financial condition and contractual obligations. Plan administrative services provided by VRIAC or Voya Institutional Plan Services LLC ("VIPS"). VIPS does not engage in the sale or solicitation of securities. All companies are members of the Voya® family of companies. Securities distributed by Voya Financial Partners LLC (member SIPC) or third parties with which it has a selling agreement. All products and services may not be available in all states.