How to Build (or Rebuild) Your Credit

Just like blood pressure and heart rate are markers of physical health, your there are metrics that can be measured as key markers of financial health. Keeping an eye on them can help you spot problems early and stay on track with your goals.

While there are a number of ways to help gauge your financial health, including calculating your net worth (assets minus liabilities), adhering to a budget, and tracking your savings rate, one of the most telling metrics is your credit score.

Why keeping score matters

Credit scores indicate how likely you are to repay debt on time. A high score shows good money management, while a low score signals more risk. That number gets used by lenders, landlords, insurance companies, and even employers to help assess you.

A strong score can open doors: better loan rates, easier rental approvals, even job opportunities. A low score? It can cost you tens of thousands in extra interest over time. That's money you could otherwise use to build emergency and long-term savings, which can help you accomplish your goals faster. The money you can save with a good credit score may even make the difference between retiring when you want or having to delay retirement for several years to pay off non-mortgage debt.

Understanding how your score is determined is the first step toward managing it effectively. In 1989, the Fair Isaac Corporation (FICO) introduced the FICO® Score to provide an industry-wide standard for scoring creditworthiness that was fair to both lenders and consumers.[1] The formula used to calculate your score takes multiple factors into account, such as your payment history, credit utilization ratio, credit history, credit mix, and more. While multiple versions of FICO scores exist, including industry specific scores for auto lenders and credit card issuers, the one most widely used by lenders and the three national credit bureaus (Experian, Equifax, and TransUnion) has a base score range of less than 580 to over 800. A score above 670 is generally considered good, while anything above 800 is considered excellent.[2]

Building core financial strength

Think about the role a strong core plays in your physical well-being. A strong core can improve balance, posture, and athletic performance while helping to maintain mobility as you age and reduce strain from activities like sitting, twisting, or lifting.

A strong credit score also does a lot of heavy lifting from saving you money to facilitating financial, business, and employment opportunities. The key is to build strong credit early and take steps to monitor and maintain your score over time. However, even if your score is lower than you'd like, there are steps you can take now to help strengthen it. The Consumer Financial Protection Bureau recommends the following tips for building and maintaining a strong credit score:[3]

- **Pay on time, every time.** Your payment history matters most. Set up autopay or reminders so bills never slip through the cracks.
- **Stay below your credit limit.** Credit scoring models look at credit utilization and how close you are to being "maxed out." Try to keep credit at no more than 30% of your total credit limit.
- **Pay off balances monthly.** Paying off balances in full each month helps to obtain a higher score and keep interest costs as low as possible.
- **Only apply for credit you need.** Credit scoring formulas view your recent credit activity as a signal of your need for credit. If you apply for a lot of credit over a short period of time, it may appear to lenders that you are dealing with financial setbacks.
- **Check your credit reports.** Take steps to correct any suspected errors immediately by following the credit bureau's instructions for disputing errors. Keep an eye on any credit card accounts you are not using to help guard against identity theft.

If you're looking for more ways to quickly establish or improve credit, talk to your bank or other financial institution about products and services such as secured credit cards and credit builder loans. To remain on track toward your goals, make a habit of reviewing your budget monthly, your credit score quarterly, and your financial plan or investment strategy at least annually or whenever your circumstances change.

Got questions about your score or your bigger financial picture? Reach out — we'll help you stay on track.

[1]Kaufman, Rob, "The History of the FICO® Score." 21 AUG 2018, Myfico.com, https://www.myfico.com/credit-education/blog/history-of-the-fico-score.
[2]"What is a FICO® Score?" Myfico.com, https://www.myfico.com/credit-education/what-is-a-fico-score. Accessed 25 AUG 2025.
[3]"How do I get and keep a good credit score?" 12 DEC 2024, Consumerfinance.gov, https://www.consumerfinance.gov/ask-cfpb/how-do-i-get-and-keep-a-good-credit-score-en-318/.

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