



## 4 TIPS FOR MAINTAINING A STRONG CREDIT SCORE IN RETIREMENT

While your age has no direct impact on your credit score, it can have a positive, indirect impact. That's because the age of your accounts and the length of your credit history matter when it comes to determining your credit score. Even if you paid off all of your consumer debt prior to retirement, your credit score still matters. That's because your FICO score influences the credit that's available to you, as well as the terms (interest rate, loan term, etc.) that lenders may offer.

For example, a strong credit score can help ensure you receive the best terms available if you purchase or refinance a home, or buy or lease a vehicle in retirement. You may also want access to credit cards if you travel or make purchases online. Credit cards can offer greater fraud protection than debit cards, and many offer rewards programs, providing cash back on purchases, airline miles, and more, which can add up over time.

### Why is your FICO score important?

FICO scores, created by [Fair Isaac Corporation](#), are among the most widely used by lenders to estimate your level of future credit risk, or how likely you are to repay a loan on time. Your score is calculated based on information in your credit reports, maintained by the three major credit bureaus, Experian, Equifax, and TransUnion.<sup>1</sup> The good news is that credit scores tend to improve with age. FICO reports that 42% of Americans in their sixties, and 55% of those age 70 or older, have credit scores of 780 or higher. (A FICO score of 720 or higher is considered "excellent.")<sup>2</sup>

Below are four tips for keeping your credit score strong throughout retirement.

1. **Think twice before closing unused credit accounts**—While it may seem prudent to close accounts you no longer use, doing so can cause your score to drop. That's because closing unused accounts can increase your credit utilization ratio, or your debt balance(s) in relation to your credit limit(s) on your open credit card accounts. Closing older accounts can also shorten the length of your credit history.<sup>3</sup>
2. **Avoid late fees and penalties**—Payment history accounts for 35% of your credit score, making on-time payments critical to maintaining a strong score. Even one late payment can be enough to negatively affect a credit score.<sup>4</sup>
3. **Pay monthly balances in full**—Whenever possible, pay the full balance due. According to MyFICO.com, most people with credit scores of 800+ never pay interest on revolving credit, due to paying their balances in full every month. This is also a great way to prevent debt from snowballing.
4. **Regularly monitor your credit reports and FICO score**—Credit report errors and identity theft both can drop your credit score quickly. Plan to check your credit reports at least annually at [www.annualcreditreport.com](http://www.annualcreditreport.com).

For more information on managing finances in retirement, contact the office to schedule time to talk.

<sup>1</sup> <https://www.myfico.com/credit-education/credit-scores>

<sup>2</sup> <https://www.valuepenguin.com/average-credit-score#average-credit-score-by-age>

<sup>3</sup> <https://www.usatoday.com/story/money/personalfinance/2015/04/18/nerdwallet-closing-credit-card-accounts/25889397/>

<sup>4</sup> <https://blog.myfico.com/5-secrets-high-credit-scores/>

# 5 THINGS TO KNOW ABOUT MEDICARE OPEN ENROLLMENT

Fall Open Enrollment is the time of year when anyone enrolled in Medicare can make changes to their coverage. This includes joining a new [Medicare Advantage Plan](#) or [Part D prescription drug plan](#), or switching between [Original Medicare](#) (Parts A and/or B), and Medicare Advantage, with or without a Part D plan.

To make the most of the annual open enrollment period, below are five things Medicare beneficiaries need to know.

1. **Time is of the essence.** Medicare's annual open enrollment period takes place each fall, from **October 15** to **December 7**. That's the annual window for changing your Medicare health plans and prescription drug coverage for the following year.
2. **Changes take effect in January.** Any change you make during the 2019 open enrollment period will take effect on January 1, 2020.
3. **In most cases, open enrollment is the only time you can pick a new Medicare Advantage or Part D plan.** Medicare health and drug plans can make changes each year to costs, coverage, and the healthcare providers and pharmacies included in their networks. Therefore, it's important to review any notices you receive about changes to your plan(s) that are scheduled to take effect in 2020. This can help you determine if your current elections will continue to meet your needs, or if changes are warranted during open enrollment.
4. **If you have Medicare Advantage, you can switch to Original Medicare during open enrollment.** However, to get drug coverage, you'll want to also join a Part D plan.
5. **The [Medicare Plan Finder](#) tool at [Medicare.gov](#)** can assist you in viewing and comparing Medicare Advantage plans (such as HMOs and PPOs), or Medicare Prescription Drug Plans (Part D), available in the area where you live.

**Need help or additional information?** Visit [Medicare.gov](#) or call **1-800-MEDICARE** (1-800-633-4227).

Your local [State Health Insurance Assistance Program](#) (SHIP) can also answer questions about your Medicare benefits, coverage, premiums, deductibles, and coinsurance. SHIPs provide personalized counseling and assistance to people with Medicare and their families. To locate SHIP resources near you, visit [www.shiptacenter.org/](http://www.shiptacenter.org/).

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