

# Your Credit Score Matters:

## Find Out Why

Having good credit matters throughout your career. Working toward an excellent credit score takes time and a lot of work, but the rewards are worth the effort.

### Benefits of a high credit score

- Lower interest rates on credit cards and loans
- Lower car insurance rates
- Stronger negotiating power
- Higher chance of approval on rental applications or home loans
- Lower mortgage interest rates
- Higher chance of approval on credit card applications
- Higher credit limits

### Drawbacks of a low credit score

- Higher interest rates on credit cards and loans
- Higher car insurance rates
- Weaker negotiating power
- Lower chance of approval on rental applications or home loans
- Higher mortgage interest rates
- Lower chance of approval on credit card applications
- Lower credit limits
- Potentially affect security clearance



**The good news** is you can take steps to improve your credit score starting now. Minor credit mistakes take less time to recover from than more serious issues.

### Here's how long it typically takes to increase a credit score:

Objective	Steps you can take	Typical recovery time	Impact to credit score
Delay any new credit applications.	As a service member, you may be targeted by all kinds of lenders. You can decline or put off these offers.	3 months	Low
Avoid closing current credit card accounts.	Keeping these accounts open with \$0 balance improves credit utilization and bolsters your credit score	3 months	Low
Pay down balances to 25 percent or less of your credit limit.	Apply any additional funds you come across, such as dislocation allowances or re-enlistment bonuses, to pay down credit card balances.	3 months	Medium
Make payments on or before the due date.	Consider timing your credit payments with when you receive your pay and allowances income.	18 months	High
Maintain current accounts in good standing.	When confronted with serious financial issues, military relief organizations can help you avoid bankruptcy.	6+ years	High

Personal financial managers and personal financial counselors are available to help you review your credit options. Visit <https://installations.militaryonesource.mil/> to set up a no-cost appointment at your nearest installation.

As you reach new milestones and complete [service-required trainings](#), look to the Office of Financial Readiness [website](#) for more information and follow @DoDFINRED on:

